In Montgomery County a sediment control program has been developed which is aimed at helping land developers reduce silt pollution of Rock Creek and the Potomac River.

I am proud of what is being accomplished in the Sixth Congressional District to meet the changing demands upon the land. We are developing a more efficient agriculture, more extensive outdoor recreational opportunities, improved flood and pollution control measures; we are assuring greater protection and enhancement of the landscape in this region of exceptional natural beauty.

We have made great headway, but we realize that we still have not adequately assured the best protection and use of our invaluable land and water resources. We must stress even more the sound conservation and development of this constantly threatened natural heritage—now, while there is yet time to accomplish our aim.

National Drum Corps Week

EXTENSION OF REMARKS
OF
HON. TENO RONCALIO
OF WYOMING
IN THE HOUSE OF REPRESENTATIVES
Wednesday, August 10, 1966

Mr. RONCALIO. Mr. Speaker, the celebration of National Drum Corps Week, from August 20 to 27, has particular meaning for the people of Wyoming, for the Casper, Wyo., Troopers won the World Open Championship at Bridgeport, Conn., in August 1965.

Other honors won by the troopers in 1965 included the trophy for best musical unit in the mammoth parade of the VFW national encampment in Chicago; the VFW national color guard championship, the best horns, best color guard, and best drum major in the World Open; and first place in contests at Elmhurst, Ill.; Streator, Ill,; Sandusky, Ohio; Fair Lawn, N.J.; and Kingston, N.Y. Trooper Ken Davis won the VFW national competition for baritone bugle, and Pete Banta placed third on the French horn bugle.

Since the Casper Troopers made their first national appearance, they have been known as the Pride of the West. Enormous crowds have watched them perform in Denver, Omaha, Las Vegas, Minneapolis, Chicago, Cleveland, Boston, and at two world's fairs.

As a separate competing unit, the all-girl guard members have been national champions for 3 consecutive years.

DEDICATION TO PURPOSE

The troopers were organized in December 1957. The founding of this nonprofit organization was the fulfillment of an idea with two objectives—to provide the community with a character-building organization and to develop a drum and bugle corps that would be the pride of Wyoming. Through the dedication of countless citizens and organizations in Casper and throughout the West, these goals have been achieved.

HARD WORKERS

There are 130 troopers, from 12 to 21 years of age. Membership is open to all Casper young people. In the winter, each corps has a 2½-hour music rehearsal and a 3-hour marching rehearsal each week. The pace is increased in the summer. As the date for a tour approaches, the members often request 14 or more 3-hour rehearsals a week.

While on tour, each trooper must provide his own meals. Money for these expenses is earned by such activities as babysitting, washing windows, and shoveling snow.

OUTSTANDING INDIVIDUALS

The Casper corps has been blessed with a number of outstanding leaders, such as Organizer Jim Jones and the publicity director, Mrs. Dorothy C. Wade. On the field, the troopers are under the command of Drum Major Pete Emmons. The color guard commanders are Laurel Jones and Mary Shea. Miss Jones was named the outstanding girl in the organization in 1965; she is a student at Kelly Walsh High School. The outstanding boy of the year was Fred Sanford, tenor drummer, who is now attending college in California. The elected commander of the corps for 1965 was Walt Heath, also attending a California college.

The Casper Troopers have distinguished themselves as nationally tough competitors and hold a long list of distinguished awards. Wyoming is justly proud of them.

NATIONAL DRUM CORPS WEEK

During National Drum Corps Week, we will salute numerous other groups across the country which have displayed the same dedication, hard work, and initiative as the Casper Troopers. Approximately 1 million persons are involved in drum and bugle corps activity.

These young people have been ambassadors of good will wherever they have gone and have thrilled audiences with their colorful uniforms, stirring music, and precision drill. The experience enables the troopers to gain an education from visiting faraway places and meeting new people.

It is most fitting and proper that Congress should recognize National Drum Corps Week as a tribute to this highly worthwhile endeavor.

SENATE

THURSDAY, AUGUST 11, 1966

The Senate met at 10 o'clock a.m., and was called to order by Hon. DANIEL K. INOUYE, a Senator from the State of Hawaii.

Rev. Joseph S. Johnston, D.D., Washington Street Methodist Church, Alexandria, Va., offered the following prayer:

O God of life and light and love, to whom men have turned in every age and of whose goodness they have never found an end, we pause in the day's occupation and draw close to Thee in prayer.

We praise Thee for Thy great goodness to us. We thank Thee for the marvelous gifts we have each received from Thy hands. Help us in evermore perfect ways to reveal to Thee our appreciation. May the nobility of our thoughts, the splendidness of our relationships, our strong support of what is good and true and beautiful, and our constant devotion to Jesus Christ be eloquent testimony to Thee of our gratitude.

As the servants of a great nation, we come to ask of Thee understanding minds that we may discern between good and evil; that we may make right choices and wise decisions. We come seeking that largeness of heart and that inclusiveness of spirit which will enable us to serve all the people of the Nation, without exception. Help us to serve with particular sensitivity to the needs of those who, in their daily battles against staggering odds, sorely need a champion. Amidst the pressures of our office help us to work with patience and with poise that every matter before us may have our careful consideration in a climate of boundless, intelligent goodwill.

On the wings of our prayer we lift to Thee all the people whom we serve as Senators but we remember especially now those who represent the Nation in dangerous and difficult posts around the world—who fly the skies, plow the seas, or tramp the seemingly endless miles of terrain—that freedom and justice may abide everywhere on the earth. Give these our friends, O God, the protective care of Thy love and the comforting awareness of the Nation's gratitude. Help each of them bravely to face the experiences he must. Help us as instruments of peace to hasten the day when their sacrifices are no longer necessary and when they may return to the family circle and to the satisfactions of a more constructive way of life.

Help us always to be courageous and faithful to our responsibilities. Give us the continued strength of Thy presence all the day long lest we grow weary in our well doing and, when this day is over and the hours of evening at last arrive, grant that in retrospect we may enjoy that inner peace that comes with a sense of work well done.

Hear our prayer, O God, for Jesus' sake. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., August 11, 1966.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. DANIEL K. INOUYE, a Senator from the State of Hawaii, to perform the duties of the Chair during my absence.

CARL HAYDEN,
President pro tempore.

Mr. INOUYE thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, August 10, 1966, was dispensed with.

REPORT ON INTERNATIONAL EDUCATIONAL AND CULTURAL EXCHANGE PROGRAM—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which, with the accompanying report, was referred to the Committee on Foreign Relations:

To the Congress of the United States:

Pursuant to the Mutual Educational and Cultural Exchange Act of 1961, I am transmitting the annual report on the international educational and cultural exchange program for fiscal year 1965. Transmitted with this report is the U.S. Grantee Directory for fiscal year 1965.

The educational and cultural programs of our Government are conducted in a world so interdependent that it constitutes, in a sense, a single environment. In this global community, education must be international in focus if the cause of understanding and peace among peoples is to be served. Education for world responsibility is no longer an option. It is rather a necessity.

In addition to fostering an informed and responsible attitude toward the world among students, the program surveyed in this report has encouraged the flow of ideas among the leaders and thinkers of different nations and cultures.

But full heads and empty hearts breed disunity rather than unity. Therefore, the international educational and cultural exchange program, by bringing people of diverse nationalities together in common endeavors—of learning, teaching, truth seeking—has cultivated the humane virtues of sympathy, sensitivity, and tolerance.

In an age when men feel particularly threatened by impersonal forces and alienated from their fellows, this program unobtrusively reminds us that the mind and heart of man know no physical barriers.

I commend this report to the thoughtful scrutiny of the Congress.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *August 11, 1966.*

LIMITATION OF STATEMENTS DURING TRANSACTION OF ROUTINE MORNING BUSINESS

On request of Mr. MANSFIELD, and by unanimous consent, statements during the transaction of routine morning business were ordered limited to 3 minutes.

MILITARY MEDICAL BENEFITS AMENDMENTS OF 1966

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at this time the distinguished Senator from Missouri [Mr. SYMINGTON] may be allowed to present the military medicare bill, because he must attend a very important markup session on the defense appropriations bill, and that the routine morning business follow thereafter.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 1399.

The ACTING PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 14088) to amend chapter 55 of title 10, United States Code, to authorize an improved health benefits program for retired members and members of the uniformed services and their dependents, and for other purposes.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Armed Services, with an amendment, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Military Medical Benefits Amendments of 1966".

SEC. 2. Chapter 55 of title 10, United States Code, is amended as follows:

(1) Sections 1071, 1072, 1073, and 1084 are each amended by striking out "1085" wherever it appears (in catchline or text) and by inserting in place thereof "1087".

(2) Section 1074(b) is amended by adding the following sentences at the end thereof: "The Secretary of Defense and the Secretary of Health, Education, and Welfare may, with the agreement of the Administrator of Veterans' Affairs, provide care to persons covered by this subsection in facilities operated by the Administrator and determined by him to be available for this purpose. Any such care provided on an inpatient basis for persons covered by this subsection shall be reimbursed at rates approved by the Bureau of the Budget."

(3) Section 1077 is amended to read as follows:

"§ 1077. Medical care for dependents; authorized care in facilities of uniformed services

"(a) Only the following types of health care may be provided under section 1076 of this title:

"(1) Hospitalization.

"(2) Outpatient care.

"(3) Drugs.

"(4) Treatment of medical and surgical conditions.

"(5) Treatment of nervous, mental, and chronic conditions.

"(6) Treatment of contagious diseases.

"(7) Physical examinations, including eye examinations, and immunizations.

"(8) Maternity and infant care.

"(9) Diagnostic tests and services, including laboratory and X-ray examinations.

"(10) Emergency dental care worldwide.

"(11) Routine dental care outside the United States where adequate civilian facilities are unavailable.

"(12) Dental care worldwide as a necessary adjunct of medical, surgical, or preventive treatment.

"(13) Ambulance service and home calls when medically necessary.

"(14) Durable equipment, such as wheelchairs, iron lungs, and hospital beds may be provided on a loan basis.

"(b) The following types of health care may not be provided under section 1076 of this title:

"(1) Domiciliary or custodial care.

"(2) Prosthetic devices, hearing aids, orthopedic footwear, and spectacles except that—

"(A) outside the United States and at stations inside the United States where adequate civilian facilities are unavailable, such items may be sold to dependents at cost to the United States, and

"(B) artificial limbs and artificial eyes may be provided."

(4) Section 1078(a) is amended by deleting the last sentence and adding the following sentence at the end thereof: "The charge or charges prescribed shall be applied equally to all classes of dependents."

(5) Section 1079 is amended to read as follows:

"(a) To assure that medical care is available for spouses and children of members of the uniformed services who are on active duty for a period of more than thirty days, the Secretary of Defense, after consulting with the Secretary of Health, Education, and Welfare, shall contract, under the authority of this section, for medical care for those persons under such insurance, medical service, or health plans as he considers appropriate. The types of health care authorized under this section shall be the same as those provided under section 1076 of this title, except that:

"(1) with respect to dental care, only that care required as a necessary adjunct to medical or surgical treatment may be provided;

"(2) routine physical examinations and immunizations may only be provided when required in the case of dependents who are traveling outside the United States as a result of a member's duty assignment and such travel is being performed under orders issued by a uniformed service;

"(3) routine care of the newborn, well-baby care, and eye examinations may not be provided;

"(4) under joint regulations to be prescribed by the Secretary of Defense and the Secretary of Health, Education, and Welfare, the services of Christian Science practitioners and nurses and services obtained in Christian Science sanatoriums may be provided;

"(5) durable equipment, such as wheelchairs, iron lungs and hospital beds may be provided on a rental basis.

"(b) Plans covered by subsection (a) shall include provisions for payment by the patient of the following amounts:

"(1) $25 for each admission to a hospital, or the amount the patient would have been charged under section 1078(a) of this title had the care being paid for been obtained in a hospital of the uniformed services, whichever amount is the greater.

"(2) Except as provided in clause (3), the first $50 each fiscal year of the charges for all types of care authorized by subsection (a) and received while in an outpatient status and 20 per centum of all subsequent charges for such care during a fiscal year.

"(3) A family group of two or more persons covered by this section shall not be required to pay collectively more than the first $100 each fiscal year of the charges for all types of care authorized by subsection (a) and received while in an outpatient status and 20 per centum of the additional charges for such care during a fiscal year.

"(c) The methods for making payment under subsection (b) shall be prescribed under joint regulations issued by the Secretary of Defense and the Secretary of Health, Education, and Welfare.

"(d) Under joint regulations to be prescribed by the Secretary of Defense and the Secretary of Health, Education, and Welfare, in the case of a dependent, as defined in section 1072 (A), (C), and (E) of this title, of

a member of the uniformed services who is on active duty for a period of more than thirty days, and who is mentally retarded or physically handicapped, the plans covered by subsection (a) shall, with respect to such retardation or handicap, include the following:

"(1) Diagnosis.

"(2) Inpatient, outpatient, and home treatment.

"(3) Training, rehabilitation, and special education.

"(4) Institutional care in private nonprofit, public and State institutions and facilities and, when appropriate, transportation to and from such institutions and facilities.

"(e) Members shall be required to share in the cost of any benefits provided their dependents under subsection (d).

"(1) Except as provided in clause (3), members in the lowest enlisted pay grade shall be required to pay the first $25 incurred each month and members in the highest commissioned pay grade shall similarly be required to pay $250 per month. The amounts to be similarly paid by members in all other pay grades shall be determined under joint regulations to be prescribed by the Secretary of Defense and the Secretary of Health, Education, and Welfare.

"(2) Except as provided in clause (4), the Government's share of the cost of any benefits provided in a particular case under subsection (d) shall not exceed $350 per month.

"(3) Members shall also be required to pay each month that amount, if any, remaining after the Government's maximum share has been reached.

"(4) A member who has more than one dependent incurring expenses in a given month under a plan covered by subsection (d) shall not be required to pay an amount greater than he would be required to pay if he had but one such dependent.

"(f) To qualify for the benefits provided by subsection (d), members shall be required to use public facilities to the extent they are available and adequate as determined under joint regulations of the Secretary of Defense and the Secretary of Health, Education, and Welfare."

(6) The following new sections are added after section 1085:

"§ 1086. Contracts for health benefits for certain members, former members, and their dependents

"(a) To assure that health benefits are available for the persons covered by subsection (c), the Secretary of Defense, after consulting with the Secretary of Health, Education, and Welfare, shall contract under the authority of this section for health benefits for those persons under the same insurance, medical service, or health plans he contracts for under section 1079(a) of this title.

"(b) For persons covered by this section the plans contracted for under section 1079(a) of this title shall contain the following provisions for payment by the patient:

"(1) Except as provided in clause (2), the first $50 each fiscal year of the charges for all types of care authorized by this section and received while in an outpatient status and 25 per centum of all subsequent charges for such care during a fiscal year.

"(2) A family group of two or more persons covered by this section shall not be required to pay collectively more than the first $100 each fiscal year of the charges for all types of care authorized by this section and received while in an outpatient status and 25 per centum of the additional charges for such care during a fiscal year.

"(3) 25 per centum of the charges of inpatient care.

"(c) The following persons are eligible for health benefits under this section:

"(1) Those covered by sections 1074(b) and 1076(b) of this title, except those covered by section 1072(2)(F) of this title.

"(2) A dependent of a member of a uniformed service who died while on active duty for a period of more than thirty days, except a dependent covered by section 1072(2)(F) of this title.

However, a person who is entitled to hospital insurance benefits under title I of the Social Security Amendments of 1965 (79 Stat. 286) is not eligible for health benefits under this section.

"(d) No benefits shall be payable under any plan covered by this section in the case of a person enrolled in any other insurance, medical service, or health plan provided by law or through employment unless that person certifies that the particular benefit he is claiming is not payable under the other plan.

"(e) A person covered by this section may elect to receive benefits either in (1) Government facilities, under the conditions prescribed in sections 1074 and 1076–1078 of this title, or (2) the facilities provided under a plan contracted for under this section. However, under joint regulations issued by the Secretary of Defense and the Secretary of Health, Education, and Welfare, the right to make this election may be limited for those persons residing in an area where adequate facilities of the uniformed service are available.

"§ 1087. Programing facilities for certain members, former members, and their dependents in construction projects of the uniformed services

"Space for inpatient and outpatient care may be programed in facilities of the uniformed services for persons covered by sections 1074(b) and 1076(b) of this title. The amount of space so programed shall be limited to that amount determined by the Secretary concerned to be necessary to support teaching and training requirements in uniformed services facilities, except that space may be programed in areas having a large concentration of retired members and their dependents where there is also a projected critical shortage of community facilities."

(7) Section 1082 is amended by inserting "and 1086" immediately after "1081" and by amending the catchline to read as follows:

"§ 1082. Contracts for health care: advisory committees".

(8) The analysis is amended by striking out the following items:

"1071. Purpose of sections 1071–1085 of this title."

* * * * *

"1073. Administration of sections 1071–1085 of this title."

* * * * *

"1077. Medical and dental care for dependents: specific inclusions and exclusions."

* * * * *

"1082. Contracts for medical care for spouses and children: advisory committees."

and inserting the following items:

"1071. Purpose of sections 1071–1087 of this title."

* * * * *

"1073. Administration of sections 1071–1087 of this title."

* * * * *

"1077. Medical care for dependents: authorized care in facilities of uniformed services."

* * * * *

"1082. Contracts for health care: advisory committees."

* * * * *

"1086. Contracts for health care for certain members, former members, and their dependents."

* * * * *

"1087. Programing facilities for certain members, former members, and their dependents in construction projects of the uniformed services."

SEC. 3. This Act becomes effective January 1, 1967.

Mr. SYMINGTON. Mr. President, the pending legislation, H.R. 14088, entitled the "Military Medical Benefits Amendments of 1966," would create significant statutory medical benefits for military retired personnel, and the various categories of military dependents who are covered by this bill.

This proposed program is the first expansion of medical benefits for military dependents since the passage of the Dependents Medical Care Act of 1956. This bill, as in the case of all medical legislation, is somewhat detailed and complex. I shall discuss the principal features of this legislation, and then attempt to answer any questions. There is before each Member a committee report explaining the details of this legislation, together with the changes recommended by the Senate Committee on Armed Services.

PRINCIPAL EFFECT OF LEGISLATION

Mr. President, the principal effect of this bill in providing new or expanded benefits is to authorize in civilian medical sources for military retirees and the various categories of dependents the same types of medical care that are now authorized for Federal civilian employees under the larger high option Government-wide plan. The latter is known as the Blue Cross-Blue Shield high option program.

Moreover, the bill is more generous for the military dependents and retirees, in the sense that the Government will pay a greater proportion of the cost of this program than is paid by the Government in the case of the civilian high option program.

In addition, this legislation authorizes a new specialized program having no counterpart in any civilian health plan, providing for Government financial assistance for military members on active duty whose spouses or children are either mentally retarded or physically handicapped.

I would observe Mr. President, that there is another Government-wide high option Federal employee health program—known as the Aetna indemnity plan. This pending legislation, however in terms of types of care, is patterened on the Blue Cross-Blue Shield high option program.

WHO IS COVERED

Mr. President, the first question that might be raised with respect to this legislation is the matter of who is covered for the new or expanded benefits. The military member himself on active duty is not affected by this legislation. The persons who are affected by this bill are retired members and various categories of dependents. The definition of the word "dependent" is significant.

Where this legislation refers to benefits in civilian medical sources, the term dependents means spouses and children. Where the legislation refers to the use of military medical facilities, the term "dependent" refers not only to spouses

and children, but also to parents and parents-in-law.

In addition, the question of whose dependents are covered is significant. In this context, the legislation covers dependents of active duty members, dependents of retired members, dependents of deceased retired members, and dependents of deceased active duty members.

The number of persons affected by this legislation totals 6,266,000. Because of the increase in the retired population, this figure by 1972 will have increased to 6,983,000, and by 1980 to 7,030,445. This information is set forth in detail on page 23 of the committee report.

BACKGROUND INFORMATION

Mr. President, it would be appropriate at this point to note the existing programs for military dependents and retirees. For many years military medical facilities, both hospital, and outpatient, have been available to military dependents and retirees subject to the space-available concept, meaning the availability of facilities and personnel. Subject to this concept, generally all types of care have been available to retirees, and all types available to dependents, except treatment for nervous disorders and chronic diseases. At the present time, however, the Department of Defense estimates that military medical facilities can meet only about 66 percent of the hospital needs, and 69 percent of the outpatient needs for active duty dependents. For military retirees, and their dependents, military facilities are presently meeting about 57 percent of the hospital needs, and 37 percent of the outpatient requirements. This situation results from either limitations on the capacity of the military facilities, or because of the geographical separation of the retirees and their dependents from military facilities.

The other segment of the existing health program is the hospital care in civilian facilities now authorized in law under the so-called Dependents Medical Care Act of 1956. Under this program, dependents of active duty members are entitled, except for treatment for mental disorders and chronic diseases, to the normal types of hospital care in civilian facilities under a formula which results in the Government paying on the average approximately 92 percent of the cost, with the individual paying 8 percent.

At the present time, with the existing civilian program limited to hospital care, there is no program for active duty dependents under which the Government pays any portion of outpatient charges in civilian facilities. With respect to military retirees and spouses and children, along with the spouses and children of deceased retirees and deceased active duty members, there is neither a civilian hospitalization nor a civilian outpatient program.

ACTIVE DUTY DEPENDENTS—EXPANDED CIVILIAN HOSPITALIZATION PROGRAM

Mr. President, the bill expands the present civilian hospitalization program for active duty dependents by authorizing the treatment of mental disorders and chronic conditions in civilian facilities. The addition of these two types of care to the present civilian hospitalization program, together with those types of care already authorized, would result in extending to the active duty dependents the same types of hospital care now authorized for Federal civilian employees under the high option program.

On page 11 of the committee report there are itemized the specific types of care authorized in civilian sources.

There would be no change in the present cost-sharing arrangement under which the beneficiary pays $25 for each hospital admission, plus $1.75 per day where the hospital visit is over 14 days. This formula results, on the average, in the individual paying 8 percent and the Government 92 percent of the total hospital charges, including physicians' fees.

I might observe, Mr. President, that the Department of Defense is presently paying, on the average, nationwide, $65 per day for hospital care, including physicians' fees, in civilian facilities. The range is from approximately $35 to $95 per day. It is interesting to observe that the average nationwide cost in 1957 was $38.51 a day, as compared to the present $65 average.

ACTIVE DUTY DEPENDENTS—NEW OUTPATIENT PROGRAM IN CIVILIAN FACILITIES

The bill provides for active duty dependents a new outpatient program in civilian facilities—meaning routine doctor visits, drugs, and the like. Under this program, as recommended by the committee, there would be a $50 outpatient deductible formula, with the individual paying the first $50 outpatient cost each fiscal year, not to exceed $100 per family. The Government would then pay 80 percent of the remaining cost over this amount, and the individual would pay 20 percent.

RETIREES AND THEIR DEPENDENTS—A NEW CIVILIAN HOSPITALIZATION AND CIVILIAN OUTPATIENT PROGRAM

Mr. President, for military retirees, their spouses and children, the bill provides both a new civilian hospitalization and a new civilian outpatient program, from the time the retiree becomes eligible for retired pay until he becomes eligible for social security medicare at age 65. Military personnel, on the average, are now placed on the retired list at age 44. These two new civilian programs will be a transitional civilian plan, until the retiree, or his spouse, becomes eligible for medicare at age 65.

With respect to the new hospitalization program, the bill provides for the same types of care in civilian facilities that are now authorized under the high option program for Federal civilian employees, and, therefore, the same types of hospital care that are authorized elsewhere in the bill for spouses and children of active duty members.

Those who would be covered in civilian hospitals under the retiree program, would be the military retirees themselves, their spouses and children, and the dependent spouses and children of both deceased retirees and deceased active duty members.

Under the bill the retiree, or beneficiary, would pay 25 percent of the cost of civilian hospitalization, including physicians fees, with the Government paying 75 percent of the total charges. This cost-sharing formula was recommended by the Department of Defense.

The bill also provides for a new civilian outpatient program for military retirees and their dependents, covering the same types of care that the bill proposes for active duty dependents. Under this program, the retiree or his dependents would be subject to a $50 outpatient formula, with the individual paying the first $50 outpatient cost each year, not to exceed $100 per family. The individual would pay 25 percent and the Government 75 percent, of the outpatient cost remaining after these deductions.

Let me observe that a deductible outpatient formula is customary under most health plans. The $50 formula proposed in this bill is only one-half the outpatient deductible required in the civilian high option Blue Cross-Blue Shield program which provides for a $100 deductible, not to exceed $200 per family for its supplementary program. Moreover, the $50 formula is the same as for social security medicare, under which each eligible person must pay the first $50 cost under the supplementary program.

I would emphasize that the privilege of receiving medical care in military hospital and outpatient facilities on a space-available basis will continue without regard to age, with the result that after age 65, military retirees would have two sources of medical benefits—the military facilities and civilian facilities under social security medicare.

DISCUSSION OF COST-SHARING

Mr. President, I would emphasize several aspects of the cost-sharing arrangement now in the bill before the Senate. As I have indicated, for the "active duty" dependents, the individual on the average would pay 8 percent of the cost, and the Government 92 percent, for civilian hospital care, including physicians' fees, and for the outpatient care the beneficiary would pay the first $50, not to exceed $100 per family, with the Government paying 80 percent of the remaining outpatient cost after the $50 deductible payment. Under this total civilian program, both hospitalization and outpatient care, the active duty dependents, on the average would pay 29 percent of the cost—and the Government 71 percent of the cost.

With respect to retired members and their spouses, and children, for the total civilian program, both hospitalization and outpatient care, the beneficiary on the average would pay 42 percent of the total charges and the Government would pay 58 percent.

With respect to the civilian high option Blue Cross-Blue Shield program, on the other hand, the beneficiary, either active or retired, pays approximately 68.2 percent of the cost and the Government 31.8 percent.

Under the House version, military retirees and all categories of dependents would have paid on the average only 12 percent of the charges and the Government 88 percent.

Mr. President, the significance of the foregoing comparisons is that the Senate

bill provides the same types of care for military retirees and the various categories of dependents that are now authorized for civilian employees under the high option program but at the same time, the bill will provide these benefits at a lesser cost to the military retiree or dependents as compared to the cost which the civilians must pay under said high option program.

While the Senate version is less generous financially than the House provisions, since the Government would pay a lesser proportion of the cost under the Senate recommendations, it is nevertheless the opinion of the committee that the Senate version is both fair and generous under all the circumstances including the comparison of the recommended military program with that of the civilian high option plan.

STATUTORY CHANGES WITH RESPECT TO MILITARY MEDICAL FACILITIES

Mr. President, the bill provides for two changes in law with regard to military medical facilities. First, it provides that all categories of dependents may be treated in military facilities for mental disorders and chronic diseases. Second, the bill authorizes the Secretary of Defense, on a permissive basis, to program retired bed space in military teaching hospitals or where there is a critical shortage of civilian facilities in areas having a heavy retired population. In this connection, the Senate committee adopted the foregoing language in lieu of the House proposal which would have provided a mandatory program that at least 5 percent, not to exceed 20 percent, of new construction or replacement facilities in military hospitals should be built and reserved for retired bed space.

FINANCIAL ASSISTANCE PROGRAM FOR ACTIVE DUTY MEMBERS WHOSE SPOUSES OR CHILDREN WERE EITHER RETARDED OR HANDICAPPED

The bill authorizes a new financial assistance program for mentally retarded or physically handicapped spouses and children of active duty personnel. There would be authorized four types of specialized care: first, diagnosis; second, inpatient, outpatient, and home treatment; third, training, rehabilitation, and special education; and fourth, institutional care in private nonprofit, public, and State institutions. Under the bill before the Senate all spouses and children with any degree of mental retardation or physical handicap would be covered. Under the House version, spouses would have been excluded entirely and dependent children whose retardation was only mild or whose handicap was less than serious would have been excluded. Under the House version of the bill, approximately 101,000 persons would have been covered under the handicapped program, as compared to approximately 297,000 under the Senate version.

The committee adopted the Department of Defense cost-sharing formula which would require the military member to pay from $25 to $250 per month, depending on pay grade, with the Government paying the remaining cost with a ceiling of $350 per month as a maximum on the Government's share of the cost.

I would like to acknowledge and express appreciation for, the assistance and cooperation extended by both Senator ROBERT KENNEDY of New York and Senator EDWARD KENNEDY of Massachusetts in connection with the newly proposed handicapped program. Senator ROBERT KENNEDY introduced a separate bill, cosponsored by other Members, S. 3169, and it is fair to say that the enlargement of the scope of the House provisions on the handicapped portion of this bill represents the suggestions contained in Senator KENNEDY's legislation.

Mr. President, the proposed program of financial assistance for active duty members whose spouses or children are either mentally retarded or physically handicapped has no counterpart in the civilian high option program, or, so far as we know, in other industrial or private plans in the country. At the same time this program is felt to be justified in view of the enormous financial and other difficulties imposed on military families who are confronted with the problem of mental retardation or physical handicap while in active military service.

DISCUSSION OF COST

This bill as recommended by the Senate Committee on Armed Services would involve a first-year 12-month cost of $151.2 million. The first-year cost of the House version would be $233.2 million. The first-year cost of the Department of Defense medical benefits proposals would have been $195.3 million. The cost details are set forth on page 23 of the committee report. The principal reasons for the lesser cost of the Senate version are twofold: first, the adoption of the $50 deductible arrangement for the active duty dependents, and, secondly, the revised cost-sharing formula for military retirees and their dependents involving the $50 outpatient deductible and the revised hospitalization features.

The committee considers this bill, which provides new or expanded medical benefits for over 6 million people, to be fair and proper under present conditions. It should prove to be a real career incentive for all military personnel.

EFFECTIVE DATE

The bill, as reported, proposes an effective date of January 1, 1967. Although the bill as passed by the House proposes a retroactive date of July 1, 1966, the committee believes that the effective date should be sufficiently prospective to permit an orderly implementation of this complex legislation. We might observe that the new financial assistance program for mentally retarded and physically handicapped spouses and children, totaling 297,000 persons, would be completely new, having no counterpart in other health programs.

In addition, the various contracting and financial arrangements with State and private nonprofit institutions will necessarily involve a period of time.

I should also emphasize that the new outpatient program in civilian facilities will create benefits for approximately 6,268,000 people and will involve all the complexities and negotiations of civilian fee schedules, plus the other necessary arrangements which must be made with American medicine.

The bill now before the Senate was unanimously recommended by the full Senate Committee on Armed Services. I urge the enactment of this needed legislation by the Senate.

Mr. MANSFIELD. Mr. President, I express my appreciation to the distinguished Senator from Missouri, who has done so much to bring out this very worthwhile measure, which will be of benefit to the military. I know that he is operating under pressure at this time, because he has to attend a very important markup session on the defense appropriations bill.

I should like to offer, on behalf of the distinguished Senator from Louisiana [Mr. LONG], an amendment and ask that it be read.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The legislative clerk read the amendment, as follows:

On page 13, after line 25, insert the following new paragraph:

"(6) the Secretary of Defense and the Secretary of Health, Education, and Welfare, under regulations issued by them jointly, may require that drugs provided by the plans contracted for under subsection (a) be prescribed and furnished on the basis of a generic or nonproprietary name."

Mr. SYMINGTON. Mr. President, as I understand it, this amendment, in effect, would allow the Secretary of Defense to implement in the civilian medical sources covered by this legislation the same arrangement with respect to drugs that is now prevalent in military medical facilities.

Because the Senator from Louisiana only brought this up yesterday afternoon.

I did not have a chance to take it up with the subcommittee or the full committee. I did speak to the chairman of the full committee, the Senator from Georgia [Mr. RUSSELL], and I did speak to the Senator from Maine [Mrs. SMITH]; and said I would be willing to take the amendment to conference, with the understanding we would discuss it in committee. That appeared satisfactory to them. It was also satisfactory to the Senator from Nevada [Mr. CANNON], ranking member of the subcommittee, to whom I talked later.

The ACTING PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. SYMINGTON. Mr. President, I yield to the Senator from New York [Mr. KENNEDY], for whose assistance on the bill I have previously this morning expressed my deep appreciation.

Mr. KENNEDY of New York. Mr. President, I wish to congratulate the Senator from Missouri [Mr. SYMINGTON] on the efforts he has made in connection with this legislation. I know that the whole bill is far more extensive than the part of the legislation on which I was working, and in which I was personally interested. But I know from my

testimony before his committee, and the testimony of others, the devotion and care that he gave to this subject.

There are many wives and many children of servicemen who will, over the next decades, owe a personal debt to the Senator from Missouri [Mr. SYMINGTON] and other members of the committee for the conscientious effort and patience they gave to this difficult subject. Without this effort and without this commitment, many hundreds of our fellow citizens would suffer tremendously.

I came to the Senate Chamber to congratulate the Senator from Missouri [Mr. SYMINGTON] and the members of the committee for the efforts they have made on this subject. I would also like to thank Mr. Ed Braswell of the committee staff for the thoughtful attention he gave to this entire matter and particularly for the patience with which he treated the various suggestions that I made. Miss Margo Cohn of my staff, too, contributed to the development and evolution of the legislation in a way which undoubtedly influenced the structure of the bill that is before us today.

There are a couple of aspects of the bill which may conceivably require reconsideration based on the pattern of experience which develops under it as time passes. The committee, after careful study of the likely cost of the bill, provided for a sliding-scale contribution by the servicemen to the cost of caring for the mentally retarded or physically handicapped wife or child, and a ceiling on the amount of the Government contribution. If these provisions prove burdensome to some—like the serviceman who has a multihandicapped child—we should be prepared to undertake consideration of appropriate revisions.

In addition, the committee, again after careful study of all of the problems involved, decided not to provide "well-baby care"—regular pediatric care of infants during the first year of life—in this legislation. This type of care can be most helpful in the early detection of congenital deformities and signs of mental retardation. I hope that we can insure its availability at an early date.

Again, I congratulate the Senator from Missouri for his leadership in connection with this entire matter. He and the committee devoted a great deal of time and personal attention to it, and this personal attention resulted in the reporting by the committee of what I regard as a particularly constructive bill. I trust that the differences between the Senate and House bills can be resolved soon, so that this legislation will become law as quickly as possible.

Mr. SYMINGTON. Mr. President, I thank the distinguished Senator from New York [Mr. KENNEDY] for his undeserved but much appreciated comments.

The truth of the matter is that the presentation he made was so logical and related to a program that would prove to be relatively inexpensive, and so well gotten together, that the committee took it with relatively little comment. The handicap program will be of great assistance to many people. It is a new program for this type of problem, and has not been characteristic, to the best of our knowledge, of any previous program in this field. We were glad to accept it. May I again point out that, even after such acceptance, the bill submitted today for approval is tens of millions of dollars less than the bill presented to the Congress by the Department of Defense.

Mr. President, I ask for the yeas and nays on the passage of the bill.

Mr. MANSFIELD. Mr. President, would the Senator yield?

Mr. SYMINGTON. I am glad to yield to the able majority leader.

Mr. MANSFIELD. First, I wish to express my appreciation to the distinguished Senator from New York [Mr. KENNEDY] for the undeviating interest he has shown in the plight of the physically handicapped and the mentally retarded. I commend the Senator from Missouri [Mr. SYMINGTON] for accepting this amendment because he, too, has been aware of this situation down through the years, and he, too, has been in the forefront of finding a better way of life for these oftentimes forgotten people.

Mr. SYMINGTON. Mr. President, I thank the majority leader, and am grateful for the remarks he made this morning on this bill and our efforts. I also thank all members of the subcommittee who participated in the extended hearings. This is a difficult and complicated problem. They were all assiduous in their efforts.

I also thank the staff of the Armed Services Committee especially Mr. Braswell for the fine work he did, customary in his activities.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. SYMINGTON. Mr. President, I yield to the Senator from Kansas.

Mr. CARLSON. Mr. President, I am in favor of this legislation, and I trust that we will enact it without opposition. However, I did not want to have accepted the amendment offered by the majority leader in behalf of the Senator from Louisiana [Mr. LONG], without calling attention to the fact that this could have far-reaching effects.

As I understand the amendment, it would permit the military people to furnish drugs and medicine to civilians, which I think is quite a departure from our present situation. If the matter goes to conference, I would hope that they would give thought to that.

Mr. President, I did not oppose the amendment, but I am concerned about it.

Mr. SYMINGTON. It is a bit unusual.

May I point out to the distinguished Senator that it is all entirely permissive, and not in any sense mandatory.

Before we discuss it in conference, I hope we will discuss it in committee; and will take the liberty of reporting to the Senator from Kansas [Mr. CARLSON] after that discussion.

Mr. CARLSON. I thank the Senator.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SYMINGTON. I yield.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that rule XII be waived, and that a yea-and-nay vote be taken on the pending measure at 12:30 p.m.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. SYMINGTON. I yield to my friend the distinguished Senator from California [Mr. KUCHEL].

Mr. KUCHEL. Mr. President, I offer my friendly congratulations to my able friend, the Senator from Missouri [Mr. SYMINGTON], for, like him, I want to cast my vote in favor of legislation which will bring dignity and security, and a measure of happiness to American men and women who serve in the Armed Forces.

I wish to ask the Senator this question: How does the Senator dovetail this legislation with respect to social security benefits in the field of hospitalization for those over the age of 65? Is there provision in this legislation for a military person retiring at age 65?

Mr. SYMINGTON. As the Senator knows, one can retire in the military after 20 years of service.

Mr. KUCHEL. Yes.

Mr. SYMINGTON, Therefore, there are a great many retirees well below the age of 65. The House bill, in effect, continued the benefits of both civilian programs when the retiree or dependent became eligible for medicare at 65. The Senate version on the other hand provides that the benefits in civilian sources under this legislation will cease at 65 when the retiree or dependent becomes eligible for medicare. The benefits in military medical facilities would not be affected and would continue on beyond age 65. The following portion of the committee report, on page 15, covers this matter:

SOCIAL SECURITY MEDICARE RELATIONSHIP TO NEW CIVILIAN PROGRAM

Under the bill, as amended, the civilian care benefits of this legislation would no longer apply to military retirees or their dependents who became eligible for Social Security Medicare upon reaching age 65. The committee position, based on the recommendation of the Department of Defense, was adopted for the following reasons:

(a) The benefits of this legislation should be considered a transitional civilian program for retirees, who now enter the retired rolls at about age 44, until they become eligible for Social Security Medicare at age 65.

(b) Even under the Senate committee version military retirees would continue to have two medical programs upon reaching age 65—the use of the military medical facilities on a space-available basis and the Social Security Medicare program. Under the circumstances, it appears that the two remaining medical sources would provide a fair program of assistance.

Mr. KUCHEL. The eligible dependents and retirees would receive hospitalization and other benefits, as may be available under medicare?

Mr. SYMINGTON. The Senator is correct.

Mr. KUCHEL. In a word, however, the passage of this legislation would bring to every retired citizen from the Military Establishment civilian health benefits from that time until he would reach the age of 65?

Mr. SYMINGTON. Not only active duty but retirees and dependents.

Mr. KUCHEL. I thank the Senator.

Mr. SYMINGTON. I appreciate the remarks of the Senator from California [Mr. KUCHEL]. As usual, they are constructive.

Mr. YARBOROUGH. Mr. President, I urge passage of S. 3169, the Military Medical Benefits Amendments of 1966. This bill would provide an improved health benefits program for retired and active members of the uniformed services and their dependents.

S. 3169 would have a fourfold purpose: to expand the hospitalization program and begin a new outpatient program for dependents of members of the uniformed services on active duty; to provide for a new hospitalization and outpatient program in civilian sources for retired and deceased military members and their dependents; to expand the care in military hospital facilities for all categories of dependents; and finally to establish a specialized program of financial assistance for members of the uniformed services on active duty whose families are either mentally retarded or physically handicapped.

The Senate bill has, however, amended the House bill, H.R. 14088, in some respects that I feel have lowered the value of the bill. There are many variances in these two bills in which I think the House bill retains more of the original and beneficial meaning of the legislation.

The need for this legislation is great. The lack of military medical facilities for those requiring assistance, especially dependents of military personnel, demands a good, well-thought-out Government-sponsored program for outpatient care. Under this legislation, active duty dependents will be provided with the same types of care that are presently authorized for Federal civilian employees. Likewise, similar coverage will be accorded to retired members and their dependents. Also severe family problems created frequently by the mentally or physically handicapped would be alleviated.

The principal effect of this legislation in either form would be to authorize for active duty dependents, military retirees, and their dependents, the same types of medical care that are presently authorized for Federal civilian employees under the Blue Cross-Blue Shield high option program. This bill would make a military career more attractive by improving the health care program for the dependents of active duty members of the uniformed services, to the end that the benefits available to such persons will be more comparable to those offered in the health care plans of industry and labor, and those offered under the Federal employees health benefits program.

Mr. President, this legislation deserves favorable action. The benefits to be accrued from increased medical benefits for our servicemen both active, retired, and deceased and their dependents are only a fair and equitable return to these men who serve their country so well.

Mr. TOWER. Mr. President, we have before us a most significant bill which I hope will receive prompt and favorable consideration. It would update and expand the medical care programs for active military personnel, their dependents and military retirees.

The bill as reported by the Armed Services Committee provides these important benefits at a lower cost than previously envisioned, yet gives this deserving group better coverage at less personal cost than is available under any other Government employee medical plan. It adds an entirely new program of assistance for the handicapped and mentally retarded.

It is important to note that the committee has met these needs while still dealing with the demands of current inflationary pressures for a general curtailment of Federal expenditures.

I am concerned about one provision of the committee bill which cuts coverage previously extended by the House to title III reservists with less than 8 years active service. Only 4,630 such personnel are affected, and I feel they could be included in the program at insignificant cost and should be. I am hopeful the House bill's provision in this instance will be accepted by the conferees.

The ACTING PRESIDENT pro tempore. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read a third time.

The ACTING PRESIDENT pro tempore. By prior order, the vote on final passage of the bill will be at 12:30 p.m.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Jones, one of his secretaries.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. McCLELLAN, from the Committee on Government Operations, without amendment:

H.J. Res. 1207. Joint resolution to authorize the Administrator of General Services to accept title to the John Fitzgerald Kennedy Library, and for other purposes (Rept. No. 1456).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JAVITS:

S. 3713. A bill for the relief of Julio Juan Castellanos Lopez; to the Committee on the Judiciary.

By Mr. FULBRIGHT:

S. 3714. A bill to establish an annual or biannual national housing goal; to the Committee on Banking and Currency.

(See the remarks of Mr. FULBRIGHT when he introduced the above bill, which appear under a separate heading.)

By Mr. MAGNUSON (by request):

S. 3715. A bill to improve the aids to navigation services of the Coast Guard; to the Committee on Commerce.

(See the remarks of Mr. MAGNUSON when he introduced the above bill, which appear under a separate heading.)

By Mr. DOUGLAS:

S. 3716. A bill for the relief of Joe W. Caldwell and Carol C. Caldwell; to the Committee on the Judiciary.

By Mr. WILLIAMS of New Jersey (for himself, Mr. CLARK, Mr. SCOTT, Mr. JAVITS, Mr. KENNEDY of New York, and Mr. CASE).

S. 3717. A bill to provide authority to the Secretary of the Interior to land acquisition in the Delaware Water Gap National Recreation Area; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. WILLIAMS of New Jersey when he introduced the above bill, which appear under a separate heading.)

By Mr. GRIFFIN (for himself and Mr. TOWER):

S. 3718. A bill to amend the Law Enforcement Assistance Act of 1965 to provide grants to the States for developing plans and acquiring equipment for State computerized law enforcement data centers, and for other purposes; to the Committee on the Judiciary.

(See the remarks of Mr. GRIFFIN when he introduced the above bill, which appear under a separate heading.)

By Mr. GORE:

S. 3719. A bill relating to the income tax treatment of the cost of acquiring a mineral property in an ABC transaction; to the Committee on Finance.

(See the remarks of Mr. GORE when he introduced the above bill, which appear under a separate heading.)

CONCURRENT RESOLUTION

HALF-DAY HOLIDAY FOR GOVERNMENT EMPLOYEES IN WASHINGTON, D.C., IN CONNECTION WITH AMERICAN LEGION PARADE, AUGUST 29, 1966

Mr. RANDOLPH submitted a concurrent resolution (S. Con. Res. 104) to express the sense of the Congress on excusing Government employees from work on the afternoon of August 29, 1966, to attend the parade of the American Legion in the District of Columbia, which was referred to the Committee on Post Office and Civil Service.

(See the above concurrent resolution printed in full when submitted by Mr. RANDOLPH, which appears under a separate heading.)

ESTABLISHMENT OF AN ANNUAL OR BIANNUAL NATIONAL HOUSING GOAL

Mr. FULBRIGHT. Mr. President, I introduce, for appropriate reference, a bill to establish an annual or biannual national housing goal, and I ask unanimous consent that the text of the bill be printed at this point in the RECORD.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 3714) to establish an annual or biannual national housing goal, introduced by Mr. FULBRIGHT, was received, read twice by its title, referred to

the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

S. 3714

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the program of the President as expressed in his annual message to the Congress shall include statements and recommendations concerning a residential construction goal. In furtherance of the realization of this goal the President shall transmit to the Senate and the House of Representatives, after the beginning of each session of the Congress, but not later than January 20, a report which shall include the following: (1) a statement indicating the minimum number of housing units which should be started during the then current calendar year, or such year and the next following calendar year, in order to be consistent with the program of the President, (2) an indication of the manner in which the law will be administered by the executive agencies to achieve the number of housing units specified under clause (1), and (3) any recommendations for legislative action that the President determines are necessary or desirable in order that the construction of such specified number of housing units may be started.

Mr. FULBRIGHT. Mr. President, I also ask unanimous consent to have a statement by Mr. Larry Blackmon, president of the National Association of Home Builders, in which Mr. Blackmon appeals for housing goals and long-range planning for housing printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From the NAHB Journal of Homebuilding, August 1966]

IF WE CAN PUT MEN ON THE MOON, WE CAN PUT THEM IN DECENT HOUSES

Surely a nation so creative, so daring and so capable that it can plan every move 10 years in advance to put a man on the moon can mount a similar long-range effort to put man in decent housing here on earth.

Opportunities for education, jobs, housing, a better life—these are the American goals here at home. Long-range plans to accomplish most of these objectives have been announced and public and private organizations are already at work. But, so far, long-range planning for housing has been given little more than lip service.

The current money crisis and Government inaction in the face of it has made it increasingly apparent that housing policy is considered an economic tool of Government rather than the instrument to fulfill a basic need.

At present the housing industry is drowning in a sea of indifference. As vital as the air we breathe is the money that is being denied this industry. We have presented proposals to solve this crisis and we will continue to fight until they are achieved.

Once the present crisis is eased we want to work with the agency for whose creation we struggled so that housing's voice will really be heard and heeded at the highest levels. I refer to HUD.

And that voice should speak in terms of needs and their fulfillment. Will it really take 50 years or more to improve the housing of low-income families? I don't believe it! Given the tools, the financing and the incentives, this industry could do it in half that time. Let's take a look at what the goal should be. I believe we will need 2¼ million units a year in 1976.

Sounds high? Just look at these estimates of the annual need 10 years from now; new household formations, 1,200,000; removals due to fires, storms, slum clearance, highway construction, etc., 600,000; replacement of substandard housing, 400,000; and additions to available inventory so you can pick and choose and move, 100,000.

What will it take to fulfill our housing ambitions? The same kind of planning, research, experiments, determination, resources and leadership that it takes to put a man on the moon.

Does anyone dare say our housing objectives are any less worthwhile?

LARRY BLACKMON,
NAHB President.

IMPROVEMENT OF AIDS TO NAVIGATION SERVICES OF THE COAST GUARD

Mr. MAGNUSON. Mr. President, I introduce, at the request of the Secretary of the Treasury, a bill to improve the aids to navigation services of the Coast Guard. I ask unanimous consent that the letter from the Acting Secretary, together with the enclosure showing changes in existing law, be printed in the RECORD.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the letter and comparison will be printed in the RECORD.

The bill (S. 3715) to improve the aids to navigation services of the Coast Guard, introduced by Mr. MAGNUSON, by request, was received, read twice by its title, and referred to the Committee on Commerce.

The letter and comparison, presented by Mr. MAGNUSON, are as follows:

THE SECRETARY OF THE TREASURY,
Washington, July 28, 1966.

Hon. HUBERT H. HUMPHREY,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is enclosed a draft of a proposed bill, "To improve the aids to navigation services of the Coast Guard."

The proposed bill would amend sections 81 and 82 of title 14, United States Code, which contain the basic authority for the Coast Guard to establish, maintain, and operate aids to navigation. The modifications to these sections may be summarized as follows.

Under the present terms of section 81 the Coast Guard has only limited authority to establish aids to navigation beyond the territorial limits of the United States. This authority does not extend to marking of wrecks which are beyond the territorial waters of the United States. Nor does it include authority to mark harbor entrance channels which extend beyond the territorial waters. Finally, there is no authority for marking areas where off-shore structures are located beyond our territorial waters. Experience has shown, however, that there is a need for navigational aids in these areas. To enable the Coast Guard to meet this need, the proposed bill would extend the Coast Guard's authority to establish navigational aids to include the waters above the Continental Shelf.

A second area in which the present law is unduly restrictive concerns electronic aids to navigation. Here the statute authorizes the Coast Guard to establish loran stations for certain purposes. The word "loran" has been interpreted as referring to a specific type of pulsed electronic aid to navigation system. This interpretation would restrict the Coast Guard from developing and utilizing other types of electronic aids to navigation systems. The Department feels that the service must be in a position to utilize any electronic systems which will aid navigation and that it should not be restricted to a single specific system. Therefore, the proposed bill would broaden section 81 by substituting authority to establish electronic aids to navigation systems for the present authority to establish loran stations.

The expansion of authority mentioned above is not intended to impinge on the authority of the Federal Aviation Agency which has statutory responsibilities in this field. At present, section 81 provides the Coast Guard with authority to establish loran stations required to serve the needs of the air commerce as determined by the Federal Aviation Agency. The proposed bill would make a slight change in the language of the present law to indicate more clearly that the Coast Guard would only establish electronic aids to air commerce upon request of that agency. (This would also conform the language to that used elsewhere in the section.) The language would also be changed to indicate that aids to air navigation established upon request of the armed forces would be those which are peculiar to warfare and primarily of military concern as determined by the Department of Defense. In addition, an amendment to section 82 of title 14 would update the statutory references found in that section to confirm that nothing in title 14 would limit the authority of the Federal Aviation Agency.

One minor change is made to clarify section 81(2) by including the Secretary of Defense among those who may request the establishment of air aids to navigation to serve the armed forces.

Enactment of the proposed bill would enable the Coast Guard to improve its services to the maritime community in many areas. Its enactment would not in itself result in any increased costs to the Government. However, the extension of aids to navigation services beyond the territorial limits would require increased expenditures, depending upon the extent to which these additional services become necessary. It is estimated that annual costs for the next three years to mark wrecks which are beyond the territorial waters of the United States and to provide necessary aids to navigation should not exceed $50,000. While the Corps of Engineers has only tentatively designated fairways in the coastal waters of the Gulf of Mexico, the increasing numbers of offshore oil-well structures in this area will ultimately make the marking of some fairways essential for the safety of navigation. When this marking becomes necessary, it is estimated that it would result in annual costs for buoys and minor aids to navigation structures not exceeding $100,000. In some instances, however, some more sophisticated major offshore aids to navigation may also become necessary or desirable to mark fairways. The cost of such installations would, of course, be greater than that for buoys or simple aids but we cannot now predict what these costs would be. Expenditures for any form of aids to navigation would, of course, be included in the Coast Guard's appropriations and subject to the usual review by the Congress.

A comparative type showing changes in existing law made by the proposed bill is attached.

It would be appreciated if you would lay the proposed bill before the Senate. A similar bill has been transmitted to the Speaker of the House of Representatives.

The Department has been advised by the Bureau of the Budget that there is no objection from the standpoint of the Administration's program to the submission of this proposed legislation to the Congress.

Sincerely yours,

JOSEPH W. BARR,
Acting Secretary.

COMPARATIVE TYPE SHOWING CHANGES IN EXISTING LAW MADE BY THE PROPOSED BILL

(Matter proposed to be omitted is enclosed in black brackets; new matter in italics.)

SECTION 81 OF TITLE 14, UNITED STATES CODE

§ 81. Aids to navigation authorized.

In order to aid navigation and to prevent disasters, collisions, and wrecks of vessels and aircraft, the Coast Guard may establish, maintain, and operate:

(1) aids to maritime navigation required to serve the needs of the armed forces or of the commerce of the United States;

(2) aids to air navigation required to serve the needs of the armed forces of the United States *peculiar to warfare and primarily of military concern* as [requested] *determined* by the Secretary [of the appropriate] *of Defense or the Secretary of any* department within the Department of Defense *and as requested by any of those officials;* and

(3) [Loran stations] *electronic aids to navigation systems* (a) required to serve the needs of the armed forces of the United States *peculiar to warfare and primarily of military concern as determined by the Secretary of Defense or any department within the Department of Defense;* or (b) required to serve the needs of the maritime commerce of the United States; or (c) required to serve the needs of the air commerce of the United States as [determined] *requested* by the Administrator of the Federal Aviation Agency. [Such] *These* aids to navigation other than [loran stations] *electronic aids to navigation systems* shall be established and operated only within the United States, *the waters above the Continental Shelf,* [its Territories] *the territories* and possessions *of the United States,* the Trust Territory of the Pacific Islands, and beyond the territorial jurisdiction of the United States at places where naval or military bases of the United States are or may be located [, and at other places where such aids to navigation have been established prior to June 26, 1948.]

SECTION 82 OF TITLE 14, UNITED STATES CODE

§ 82. Cooperation with Administrator of the Federal Aviation Agency.

The Coast Guard in establishing, maintaining, or operating any aids to air navigation herein provided shall solicit the cooperation of the Administrator of the Federal Aviation Agency to the end that the personnel and facilities of the Federal Aviation Agency will be utilized to the fullest possible advantage. Before locating and operating any such aid on military or naval bases or regions, the consent of the Secretary of the Army, the Secretary of the Navy, or the Secretary of the Air Force, as the case may be, shall first be obtained. No such aid shall be located within the territorial jurisdiction of any foreign country without the consent of the government thereof. Nothing in this title shall be deemed to limit the authority granted by the [provisions of section 458 of Title 5, or by section 475(e) of Title 49 or subchapter III of chapter 9 of this title.] *Federal Aviation Act of 1958 as amended (chapter 20 of title 49) or by the provisions of sections 7392 and 7394 of Title 10.*

A BILL TO SPEED UP TOCKS ISLAND LAND ACQUISITION

Mr. WILLIAMS of New Jersey. Mr. President, I introduce for appropriate reference a bill to facilitate land acquisition in the Tocks Island Recreation Area, now formally known as the Delaware Water Gap National Recreation Area. I am joined in offering this bill by my colleagues Senators CLARK and SCOTT of Pennsylvania, Senators JAVITS and KENNEDY of New York, and Senator CASE of New Jersey. These Senators have worked together on the initial legislation which authorized this magnificent recreation area. The fact that we are introducing this bill together demonstrates the concern that we feel at the problems which have already arisen before the completion of this new park.

The problem is very simple: land speculators are taking advantage of both the Government and the public by buying up land now which will eventually be bought by the Government. The land rush of these speculators has had the obvious result of forcing up land prices to excessive levels. We must act now to prevent either unnecessary cost to the taxpayer or an even more unfortunate result, reduced acreage in the park itself.

The solution we are offering is a simple one. We propose to allow the Secretary of the Interior to borrow up to $30 million from the Delaware River Basin Commission for accelerated purchases of land. Under the terms of the bill, the Secretary of the Interior would be bound to use this money for land purchases only. The Delaware River Basin Commission would use its bond issuing authority to raise the money. As the loan to the Interior would be backed by the full faith and credit of the Government, I am sure that such an issue would be readily accepted. The loan would be repaid in part each year. The Secretary of the Interior could repay up to 10 percent of the loan each year.

Mr. President, the problem is serious and growing worse every year. At the end of my remarks, I ask unanimous consent that an excellent article by John Kolesar describing this situation be printed in the RECORD. If the park is not completed with its planned size of 46,000 acres, millions of people will be denied its benefits. Almost 30 million people live within 100 miles of Tocks Island; almost 15 percent of our Nation's population live within easy driving distance of this natural wonderland. At a time when the size of our cities is gobbling up green land at a rapid pace and when urban pressures increase, it is important that we preserve and maintain areas of natural beauty for the rest and recreation of the harassed city dweller. This park will be a benefit to millions of people in the three States which are adjacent to it. It must be completed as planned—a large and beautiful place of nature. We cannot allow the thoughtless actions of the few to harm the interests of the many.

The original Tocks Island legislation proposes purchasing the recreation area property over a period of years, ending in 1972. The first appropriation for land purchases—$6 million—was made this year. But even before the designation of Tocks Island as a national recreation area, last year, a speculation and development boom was underway. Both administration and congressional spokesmen have warned that if the speculation does not stop, the size of the recreation area may have to be cut to keep the cost within reason.

In addition, subdividers are bulldozing roads and rights-of-way through many previously undeveloped areas, destroying the beauty and the natural values. In one burgeoning development alone, 9 miles of roads have been ripped through the woodlands.

In 1959, the Army Engineers estimated it would cost $19 million to purchase the park area. By 1965, when President Johnson signed the legislation, the estimate had risen to $37.4 million and property values have been rising steadily.

There is no way of estimating what this land will cost if we wait 6 years to complete the purchases. The only workable method of protecting the taxpayers and the park site is the one embodied in this legislation.

I hope the House of Representatives will act quickly on the bill. When it comes to the Senate, the six Members from the three States involved will certainly seek swift action.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the article will be printed in the RECORD.

The bill (S. 3717) to provide authority to the Secretary of the Interior to land acquisition in the Delaware Water Gap National Recreation Area, introduced by Mr. WILLIAMS of New Jersey (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

The article, presented by Mr. WILLIAMS of New Jersey, is as follows:

THE LAND SURGEONS: TOCKS SPECULATORS MAY DAM U.S. PARK

(By John Kolesar, staff writer)

EAST STROUDSBURG, PA.—"Oh, it makes you sick to see what they are doing," said Peter DeGelleke, planner-in-charge of the Delaware Water Gap National Recreation Area.

"They are taking Uncle Sam and the public," he said.

He was talking about real estate developers conducting business as usual, subdividing lots and building houses within the boundaries of what is to be the biggest national recreation area east of the Mississippi.

"They are bulldozing roads through some beautiful, unspoiled sections of the area," DeGelleke said sadly. "They have already wiped out a unique hemlock swamp."

DeGelleke had tried his persuasive powers in an effort to stop the activity which he considers sheer land speculation. He failed, just as his boss, U.S. Secretary of the Interior Stewart L. Udall, failed. The development goes on and apparently will continue until the day the U.S. Army's Corps of Engineers buys the land from the developers.

The physical damage done by the developments saddens DeGelleke. But the financial threat to the recreation area project is even more worrisome. Subdividing vacant land into residential lots drives its price upwards.

AFRAID OF PRICE

The park planners are afraid the price of the land could be pushed beyond congressional tolerance, endangering or delaying the entire recreation area plan.

The project is the culmination of planning that started in the wake of the 1955 flood that crippled communities up and down the Delaware River.

The first object was flood control. The Delaware River Basin Commission was created and drew up a proposal for a huge dam across the river at Tocks Island, about six miles north of the majestic Delaware Water Gap.

The dam would create a lake 37 miles long, running almost to Port Jervis, N.Y. The 250-billion-gallon reservoir had obvious rec-

reation potential and the plan was expanded to provide for a 72,000-acre park. The 112 square miles of lake and wooded hills would almost equal the area of Essex County in New Jersey.

By now the plan had grown to a $200 million project—more than $140 million for the reservoir and $56 million for the park. There were to be added effects: 10 million visitors a year spending $28 million; a billion dollars in housing construction by 1985.

New highways would put New York City barely an hour away, Philadelphia less than two hours. Even with today's mediocre roads, the Water Gap is less than two hours' drive from Trenton. (Trenton is already the headquarters for the Basin Commission and is due to be in the same congressional district with the recreation area under the state's new districting plan.)

ECONOMIC IMPACT

The enormous economic impact of the park is to be felt primarily in six sparsely settled counties—Warren and Sussex in New Jersey; Monroe, Pike and Northampton in Pennsylvania; and Orange in New York.

The scale of the project touched off a land boom even while things were in the discussion stage. The Army Engineers estimated it would cost $19 million to buy the recreation area land when they made their first study in 1959. By 1965, when President Johnson signed the bill authorizing the recreation area purchase, the estimate had risen to $37.4 million. And this did not include the 24,000 acres needed for the reservoir.

The bill had some features aimed at curtailing land speculation: no commercial ventures could remain in the park; no house begun after Jan. 21, 1963, could remain; no one who bought his house after Jan. 1, 1965, could stay. Only qualified, long-term residents would be given the option of staying for 25 years or the remainder of their lives, whichever they chose.

But the land boom went on both inside and outside the park. It was the speculation inside the park boundaries that bothered the Basin Commission, the Army Engineers, the Interior Department and the Tocks Island Regional Advisory Council (TIRAC, pronounced "tie rack" of course).

They passed resolutions condemning land speculation, sent letters to local governments asking a clampdown on new subdivisions and used all the persuasion they could. TIRAC, a voluntary organization set up by the six counties, sent a letter to every new property purchaser, warning him of the recreation area plans.

POWER PRICE BOOST

The New Jersey Power and Light Co. put in a set of special high rates for new electric installations within the borders of the future park. Since it would hold back housing development, the move won cheers from the park planners. But Walpack Township in Sussex County, N.J., due to be bought in entirety for the park, fought the rates before the State Public Utility Commission. There has been no decision yet.

All this time, the Army Engineers had no money to buy land. Unless persuasion worked, the development would continue. And persuasion failed in several crucial areas.

Development actually increased in 1965. The engineers estimated the developers had boosted the government's future land costs by $600,000 within one year. The $37.4 million price tag had a contingency allowance but it was being strained. If it were to be exhausted, Congress would have to be asked for more money, always an uncertain process.

An attempt to get a $3 million advance appropriation last April failed, but Congress finally allocated $6.4 million to start land purchases July 1. It was to be the first of six annual installments.

But even the news that the money was finally available did not halt the developers. It would take time to appraise, negotiate and purchase. Some of the developers had no intention of sitting idle during that time.

The largest development within the proposed recreation area is Blue Mountain Lakes, high atop some lovely hills in Walpack Township. It was started 11 years ago and covers 4,200 acres. Part of the Blue Mountain Lakes acreage has been subdivided into 3,500 lots selling for up to $5,000 each.

THREE HUNDRED HOUSES BUILT

More than 300 houses have been built by lot owners, some at a cost of $35,000. Almost every house will be torn down within the next half dozen years, after government purchase.

Last year, 400 lots were sold at Blue Mountain Lakes adding $450,000 to the Army engineers' price tag for the park land.

On July 2, the Walpack Township Committee granted approval to subdivide 478 more lots at Blue Mountain Lakes. It granted the approval in spite of pleas by Udall and TIRAC.

The failure to stop Blue Mountain Lakes is obvious to the naked eye. Signs directing customers to the development's office seem to be posted all over Sussex County.

If you drop in at the office, the salesman will give you a restrained spiel about the undeniable beauties of Blue Mountain Lakes. He makes no mention of the recreation area unless he is asked. But once asked he gives a reasonably accurate rundown of the government plans, though he makes them sound more "iffy" than they really are.

"The government says it is going to take the houses in six or seven years," he tells you. "But with this war in Viet Nam, who knows whether they will get the money? They might take another 10 or 20 years yet."

But DeGelleke plans to have an information center open to the public near the Water Gap next year. By 1972 at the latest the land is due to be bought. The park will be opened by stages between 1968 and 1975.

Blue Mountain Lakes consists of a sprinkling of Summer cottages around two manmade lakes and swimming pool. Its gravel roads are bulldozed through hardwood and evergreen forests in a maze that would dismay a Levittown resident. There are houses in all stages of construction.

Why would anyone buy a lot and build a house when he is almost certain to be evicted within seven years?

Some apparently buy without knowing they are going into a future national recreation area. But most seem to know where they are headed.

HAS FAITH

One woman, supervising moving men carrying furniture into her new summer cottage recently, explained it: "Even if we have only six or seven years up here, it will be worth it."

"And when the government buys us out, they promise to pay fair market value," she added, "so we won't lose money."

Her faith that she will not lose money was not supported completely by one of the government appraisers.

"There is a big difference between fair market value and cost," he said. "We will not repay a person who made a bad bargain. And few of the people buying property now will recapture costs for things like title insurance, searches and all that."

While Blue Mountain Lakes is the liveliest of the developments within the future park, there are others. There is Skyline Acres, with 1,500 lots subdivided in Walpack, and Hidden Lake, a 500-acre development in Middle Smithfield Township, Pa.

Hidden Lake was not started until October 1963, leaving it open to a much clearer charge of land speculation than Blue Mountain Lakes or Skyline Acres. But it has apparently been halted by the high level opposition. Few houses seem to have been built, its office is closed and most of the subdivision consists of "sold" signs propped against trees.

The Army Engineers have set up a land office in East Stroudsburg, sharing building with DeGelleke's planning operation. They expect to be doing a land-office business soon. The first $6.4 million will be spent on two targets: land between the Water Gap and the dam site, and the unsold property in the Hidden Lake and Blue Mountain Lakes developments. They hope to complete the purchases by next July 1.

Buying Blue Mountain Lakes may take a long time. The owners of the unsubdivided property reportedly want at least $12 million, one-third of the entire authorization for the recreation area purchase. In addition, there are an estimated 2,500 individual owners of subdivided plots.

CITE HARDSHIPS

Some of the people labeled speculators reject the title and contend they are being subjected to hardship by the government's slowness in buying their land. Burnett Yaseen, head of the firm building Blue Mountain Lakes, notes that his project started 11 years ago. People in Walpack Township say they have heard talk of the reservoir for decades and they cannot just close up shop and go bankrupt while waiting for the government land buyers.

The Interior Department and Basin Commission recognize some of the individual hardships involved. The only answer to the problem for both sides is purchase of the 72,000 acres as quickly as possible—three years is rated the best that can be done.

Since there is little hope Congress would step up annual appropriations to provide the money in three years, a bill has been introduced to allow the Basin Commission to float bonds. The idea is to borrow $10 or $20 million for the more critical land purchases, instead of waiting for six years of appropriations. The bill is in the first stages of its trip through Congress.

Meanwhile, people are buying lots, building houses and moving into Blue Mountain Lakes. Yaseen says that when he asked government officials what he should do until they raise the money to buy him out, he was told to continue business in a normal fashion.

"Which is what we are doing," he added.

AMENDMENT OF LAW ENFORCEMENT ASSISTANCE ACT OF 1965

Mr. GRIFFIN. Mr. President, since 1960, the crime rate for the United States has increased 35 percent. Since that year, the number of crimes in America has increased about six times faster than the population.

Sadly, these statistics recall to memory the lines of a great midwestern poet, Carl Sandburg, in his "Playthings of the Wind."

Painting an unforgettable scene of desolation in a civilization that had been decimated by some unnamed reaper, Sandburg wrote:

And the wind shifts
And the dust on a doorsill shifts
And even the writing of the rat footprints
Tells us nothing, nothing at all
About the greatest city, the greatest nation
Where the strong men listened
And the women warbled: "Nothing like us ever was."

Too often, we imagine that such devastation could be wrought only by some

tragic mishandling of nuclear energy. However, I suggest the frightening possibility that crime, too, can wreak devastation on our civilization.

Crime can be as powerful a weapon against organized society as any mechanical device conceived by man. And crime—sometimes violent, sometimes stealthy—is stalking our city streets and our rural roads.

Let me repeat some of the statistics with which I began my remarks:

Since 1960 the American crime rate has risen about six times faster than the population. The overall crime rate for our Nation has increased 35 percent since 1960.

Violent crimes have increased by 25 percent during this period, and crimes against property have increased by 36 percent. The Federal Bureau of Investigation reports that there was a 13 percent increase in crime in 1964 alone.

In 1965 the crime rate went up even higher with an additional increase in crime of 5 percent over 1964 levels.

In my own State of Michigan, crime is rising at a frightful rate. The 1965 figures for Detroit should shock all citizens who cherish the greatness of our Motor City: homicide and nonnegligent manslaughter up 50.4 percent over 1964; forcible rape up 36.4 percent over 1964. Robberies increased 16.9 percent, burglaries 16.5 percent and theft of over $50 in value, 20.2 percent.

According to statistics received by the FBI, the total reported crime in Detroit for 1965 was 19.3 percent greater than in 1964.

Only those who live daily with fear for their lives and their material possessions can fully understand the terror that crime has struck in the hearts of millions of Americans. Perhaps the most tragic aspect of the picture is that crime usually strikes hardest and most often at the people who can least afford it—people with low or moderate incomes, and members of minority groups.

In many respects, the crime rate must be viewed as a reflection of failure on the part of our society to provide a favorable environment for many citizens to find opportunity and to achieve personal satisfaction and rewards. Measured by such standards, our society is ailing, and the crime rate indicates that much remains to be done. Every step toward equal opportunity for all Americans in education, employment, and housing is a step in the right direction.

I am convinced that America cannot solve its crime problem by creating a national police force or by destroying the constitutionally protected rights of the individual.

In a message to Congress in March, the President called for a war on crime. He stated:

> No more bitter irony could be imagined than this—that a people so committed to the quest for human dignity should have to pursue that quest behind locked doors.

Those are eloquent words—but where are the deeds of the administration? Until now, at least, the efforts on the part of the administration in this field have been too little and very late.

While the police powers belong to the States under the Constitution, there is an important role the Federal Government should play in helping the States to meet their responsibilities. Crime is waged on a massive interstate basis. The mobility of modern society, the importation of narcotics from abroad, the increasing number of auto thefts and the mobility of the modern criminal have blurred old lines of jurisdiction and responsibility Communication and coordination among local, State and Federal law enforcement agencies are essential if we expect to deal effectively with the crime problem.

Today, I wish to call attention to the first in a series of proposals which I plan to advance during the next several weeks in an effort to improve law enforcement and crime control in this country.

During the past months, there has been repeated cries for improved systems for the gathering and exchange of police information. For example, the Detroit Free Press recently carried an editorial entitled "A New Look at Crime," which read in part as follows:

> The quick exchange of information between law enforcement agencies should be sought to aid in the prevention of crime and the apprehension of criminals.

A few days later the same cry was again heard, this time in the Washington Post. The article quoted the recent FBI Uniform Crime Reports as saying:

> The need for police to centralize criminal information is . . . apparent.

The urgent cry for help should not go unheeded. When it is painfully obvious to all concerned that modern computers can provide the means to centralize our information and have it on hand instantly, and when we know that such pooling of information would greatly improve police work, delay is intolerable.

Yet progress has been very slow in achieving the centralized information systems which we need so desperately. In 1965 the FBI, acting under a 1930 statute authorizing it to exchange information on crime with the States, did start to implement a plan for a national crime information center. Now the Bureau foresees that its machinery will be in operation on an experimental basis, by January of next year.

How will this Crime Information Center work? At the present time, the FBI plans to store in a Washington-based computer three kinds of basic data.

First. It will have identification information on persons wanted for felonies.

Second. It will have information on stolen automobiles. Finally, it will have information on other identifiable stolen property, usually of a value of more than $500.

The National Crime Information Center will receive its information from State police authorities. The information on file in Washington will then be made available to the States to aid them in their law-enforcement activities.

The advantages of such a centralized pool of information are many. Let me suggest an example. Suppose a Detroit police officer sees an automobile which he suspects may have been stolen in another State. At the present time, a check with the national clearinghouse on stolen automobiles may take 5 days or a week. Usually this kind of delay is enough to discourage seeking information.

However, if the National Crime Information Center were in operation, the officer could radio police headquarters and obtain the necessary information via the State police, to Washington, within minutes. The response may reveal no record for the car. On the other hand, it may indicate that the car was stolen, in some far distant city in a distant State.

For the system to work effectively, however, it is important that there be State or regional computerized crime information systems. This is the "missing link" as plans go forward for the national information system which the FBI is now building.

The computers in Washington cannot do the job for all the country. They will contain only that information which is most likely to involve interstate crime. On the State and local level, computers are needed for much broader informational purposes. These computers should store information on all crimes within the jurisdictions involved. Furthermore, it is clear that until State information systems for collecting and reporting information are perfected, the national system in Washington will not be very useful.

In January of next year, the FBI hopes to hookup with 13 or 14 States or municipalities as part of the first stage of the operations of its national information center. If more of the States do not participate, it will not be because the FBI or anyone else doubts that such a new nationwide information network would be very useful. However, many States and localities have not allocated funds for such a project.

Obviously, the national crime information center is something of a chain which will be no stronger than its weakest links. It cannot operate effectively if State and local agencies do not have the facilities for gathering and feeding information into the national information center. Law enforcement in State A, a participant in the national crime information center, will surely be hampered if State B fails to participate in the program.

I propose a Federal program to be implemented through legislation, under which each State will be strongly encouraged to set up as rapidly as possible, a modern crime information facility, compatible with the National Crime Information Center in Washington. Under my bill, the Federal Government would put up 50 percent of the cost for each State which establishes such a facility.

Such a program will greatly facilitate the establishment and operation of State and local crime information centers. The cost to the taxpayers—about $25 million for the Federal share over a 7-year period—would be very modest, considering the tremendous benefits to be gained from such a program. While

Federal expenditures in the areas of education, and welfare have been skyrocketing, with good reason, it is noteworthy that Federal expenditures in the effort to combat crime have remained almost steady. This, despite a rapid increase in State and local expenditures crime control.

I believe the time has come—indeed, it is already late—for the Federal Government to take some bold, meaningful steps to help in the solution of this Nation's crime problem.

Mr. President, on behalf of myself and the Senator from Texas [Mr. TOWER], today I am introducing, for appropriate reference, a bill which would implement the proposal I have here advanced.

I ask unanimous consent that the text of the bill be printed in the RECORD, and that the bill lie at the desk until August 19, so that other Senators, if they wish to do so, will have the opportunity to join as sponsors.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD and held at the desk, as requested by the Senator from Michigan.

The bill (S. 3718) to amend the Law Enforcement Assistance Act of 1965 to provide grants to the States for developing plans and acquiring equipment for State computerized law enforcement data centers, and for other purposes, introduced by Mr. GRIFFIN (for himself and Mr. TOWER), was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

S. 3718

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Law Enforcement Assistance Act of 1965 is amended by—

(1) inserting immediately before section 2 thereof the following: "TITLE I—FINANCIAL ASSISTANCE FOR IMPROVING LAW ENFORCEMENT AND CORRECTIONAL CAPABILITIES, TECHNIQUES, AND PRACTICES";

(2) striking out "this Act" wherever it appears in sections 2 through to inclusive and inserting in lieu thereof "this title";

(3) redesignating sections 2 through 11 as sections 101 through 110 respectively;

(4) striking out in section 108 of such Act as redesignated in paragraph (3) of this section the word "two" and inserting in lieu thereof "five";

(5) striking out section 109 of such Act as redesignated in paragraph (3) of this section and inserting in lieu thereof: "Sec. 109. There are authorized to be appropriated such sums as may be necessary for the fiscal year ending June 30, 1967, and for each of the four succeeding fiscal years to carry out the provisions of this title."; and

(6) adding immediately after section 110 of such Act as redesignated in paragraph (3) of this section the following new title:

"TITLE II—FINANCIAL ASSISTANCE FOR COMPUTERIZED STATE LAW ENFORCEMENT DATA CENTERS

"SEC. 201. For the purpose of assisting the States to apply advanced computer technology to the prevention and control of crime, the Attorney General, from funds appropriated pursuant to section 206 of this Act, is authorized to make grants to States which have State plans approved by him under section 202 to pay up to 50 per centum of the cost of developing plans and acquiring equipment for State computerized law enforcement data centers.

"SEC. 202. (a) Any State desiring to participate in the grant program under this title shall designate or create an appropriate State agency for the purpose of this section, and submit, through such State agency a State plan which shall—

"(1) set forth a program for the development of a State computerized law enforcement data center and the acquisition or rental of equipment for such a center;

"(2) provide assurances that such State agency will make information from such a center available to law enforcement officials of other States;

"(3) provide assurances that such a center will be compatible with the National Crime Information Center, as determined by the Attorney General;

"(4) provide assurances that the State will pay from non-Federal sources the remaining cost of such program;

"(5) provide that such State agency will make such reports in such form and containing such information as the Secretary may reasonably require; and

"(6) provide such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting of funds received under this title.

"(b) The Secretary shall not finally disapprove any State plan submitted under this title or any modification thereof, without first affording such State agency reasonable notice and opportunity for a hearing.

"SEC. 203. (a) The Attorney General shall determine the amount of the Federal share of the cost of programs approved by him under section 202 upon the basis of the funds appropriated therefor pursuant to section 206 for that fiscal year and upon the number of participating States; except that no State may receive a grant under this title for any fiscal year in excess of $250,000.

"(b) Payments to a State under this title may be made in installments and in advance or by way of reimbursement with necessary adjustments on account of overpayments or underpayments.

"SEC. 204. (a) Whenever the Attorney General after reasonable notice and opportunity for hearing to the State agency administering a State plan approved under this title, finds that—

"(1) the State plan has been so changed that it no longer complies with the provisions of section 202, or

"(2) in the administration of the plan there is a failure to comply substantially with any such provision,

the Attorney General shall notify such State agency that no further payments will be made to the State under this title (or in his discretion, that further payments to the State will be limited to programs under or portions of the State plan not affected by such failure), until he is satisfied that there will no longer be any failure to comply. Until he is so satisfied, no further payments may be made to such State under this title (or payments shall be limited to programs under or portions of the State plan not affected by such failure).

"(b) A State agency dissatisfied with a final action of the Attorney General under section 202 or subsection (a) of this section may appeal to the United States court of appeals for the circuit in which the State is located, by filing a petition with such court within sixty days after such final action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Attorney General or any officer designated by him for that purpose. The Attorney General thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code. Upon the filing of such petition, the court shall have jurisdiction to affirm the action of the Attorney General or to set it aside, in whole or in part, temporarily or permanently, but until the filing of the record, the Attorney General may modify or set aside his order. The findings of the Attorney General as to the facts, if supported by substantial evidence, shall be conclusive, but the court, for good cause shown, may remand the case to the Attorney General to take further evidence, and the Attorney General may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence. The judgment of the court affirming or setting aside, in whole or in part, any action of the Attorney General shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code. The commencement of proceedings under this subsection shall not, unless so specifically ordered by the court, operate as a stay of the Attorney General's action.

"SEC. 205. As used in this title, the term 'State' includes each of the several States and the District of Columbia.

"SEC. 206. There are authorized to be appropriated such funds as may be necessary for the fiscal year ending June 30, 1967, and for each of the four succeeding fiscal years to carry out the provisions of this title."

INCOME TAX TREATMENT OF COST OF ACQUIRING A CERTAIN MINERAL PROPERTY

Mr. GORE. Mr. President, on June 8, 1966, I made some rather extensive remarks concerning the proposed purchase by Continental Oil Co. of Consolidation Coal Co. The method of payment involves the notorious ABC scheme long practiced by various oil companies within the oil industry. This type of transaction is a tax dodge, and in my view should not be allowed.

Favorable ruling have been issued in the past by the Internal Revnue Service for transactions of this sort, but due to the secrecy with which rulings are normally handled by IRS, there has been little public knowledge, discussion or understanding of these transactions.

I intend to see to it, Mr. President, that the public and my colleagues become aware of this matter. Not only is there a question of legality and of tax equity, but there are also some broader implications of an antitrust nature. It has already been announced in the press that a somewhat similar deal is being arranged for the purchase of Peabody Coal Co. Now, Peabody and Consolidation are by far the two largest coal producing companies in the country. I can foresee a situation, not far off, when we will no longer have an independent coal industry. We may well have all major energy sources—petroleum, coal, uranium—under the control of a very few powerful corporations.

In my view the law is clear as to how these ABC transactions ought to be handled for tax purposes. Lifting costs attributable to a reserved production payment should be capitalized, since they actually form a part of the cost of acquiring the reserves left in the ground after the reserved production payment has been discharged. But there has been a

series of private rulings given out by the Internal Revenue Service over the past several years which run somewhat counter to my interpretation of the law. The IRS ought to litigate this matter, if litigation is necessary.

In order to strengthen the hand of the Internal Revenue Service, and to make certain what the law is, I have now introduced a bill which would clarify the law. This bill merely states that the cost of acquiring a property in an ABC transaction includes the cost of producing the minerals applied in discharge of the production payment.

It is clear that the proposed ABC transaction involving Consolidation Coal would be abandoned if the Internal Revenue Service were to rule that the costs to Continental Oil of producing the coal to pay off the reserved production payment must be capitalized. Continental Oil would not be willing to submit that issue for decision by an impartial court. Continental Oil would fear, with good reason, that the court would hold such costs must be capitalized for the same reason that Continental Oil itself will capitalize—rather than expense—those costs on its own books.

Continental has argued that since the cost of producing any mineral which goes to the holder of a royalty interest can be deducted, the same rule ought to apply in the case of a reserved production payment. It is argued that since both a royalty interest and a reserved production payment are nonoperating economic interests, the costs of producing the mineral to discharge the obligations under those interests must be treated alike.

From the standpoint of the owner of the working interest, there is as much difference between a royalty obligation and the obligation to discharge a reserved production payment as there is between night and day. In the typical royalty case, the taxpayer produces eight barrels of oil and the holder of the royalty gets one barrel free of lifting costs. The lifting costs, of course, are deductible for they represent the cost of the current production of the seven barrels of oil retained by the taxpayer. The lifting costs of the one barrel paid as royalty do not represent in any manner the purchase price or cost of the reserves left in the ground. The lifting costs of the one barrel are properly chargeable to current production and not to future production. For that reason the lifting costs in the case of the royalty are not capitalized and are deductible. No oil company or accountant has ever, or will ever, capitalize the lifting costs attributable to the current royalty payments.

The reserved production payment presents a completely different case. In the typical ABC transaction, if the taxpayer—buyer of the working interest—produces eight barrels of oil, the holder of the reserved production payment receives seven barrels and the taxpayer keeps only one barrel. The taxpayer does not give seven barrels of oil to the holder of the production payment in order to get one barrel. He does not pay 100 percent of the lifting costs in order to acquire one-eighth of the oil. They are paid for quite a different reason. Seven-eighths of the lifting costs are paid in order that the taxpayer will be entitled to all the oil he produces after the reserved production payment is discharged.

Since a good part of the costs of mining the coal applied to the production payment reserved by Consolidation Coal are properly chargeable to coal which will still be in the ground when the production payment is discharged, Continental Oil proposes on its books to capitalize those mining costs—net of income taxes. This is in accord with the vast practice of Continental Oil since the company capitalizes lifting costs of oil and gas applicable to reserved production payments, and expenses of those costs over the life of the properties on a unit of production basis.

The correct principle is unmistakably clear if the reserved production payment is examined in its simplest form. Let us suppose that the production payment of $460 million reserved by Consolidation Coal is payable out of 100 percent of the production—instead of about 20 percent of the production—until paid in full. That is, all of the proceeds of the coal mined would go to the reserved production payment until $460 million plus interest had been paid, and Continental Oil would pay all of the costs of mining and receive none of the proceeds from the coal sold. The reserved production payment would then pay out in about 2 years as compared to the proposed 15-year payout. In such a case, it is obvious that the mining costs during the payout period cannot be considered as the cost of Continental's share of the current production, for it would have no current share. Obviously, all of the mining costs must be chargeable to the coal remaining in the ground which Continental can mine for its own account after the production payment is discharged. The capitalized costs would eventually be deducted by Continental through the depletion deduction as it mines its own coal free of the production payment. It is inconceivable that any court would allow Continental Oil in such a case to deduct currently the costs of mining the coal which go to pay the production payment. If in such a case Continental Oil were allowed to deduct the mining costs currently, it would have a loss which would wipe out any tax on its current income from oil and produce a net operating loss which would result in a refund of Continental Oil's income taxes for the past 3 years and no taxes for a number of years in the future.

A schoolchild would recognize that if all the coal produced must go to the holder of the production payment, all of the costs of producing that coal must be capitalized as the taxpayer's cost of the coal remaining in the ground which the taxpayer eventually can mine for his own account. It seems incredible that the Internal Revenue Service could conclude that the principle does not apply where 80 percent, or 50 percent, or 20 percent, of the current production goes to the reserved production payment instead of 100 percent.

Perhaps no such conclusion will be reached. I certainly hope not. But the bill I have just introduced would make a proper decision more nearly certain.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 3719) relating to the income tax treatment of the cost of acquiring a mineral property in an ABC transaction, introduced by Mr. GORE, was received, read twice by its title, and referred to the Committee on Finance.

HALF-DAY HOLIDAY FOR GOVERNMENT EMPLOYEES IN WASHINGTON, D.C., IN CONNECTION WITH AMERICAN LEGION PARADE, AUGUST 29, 1966

Mr. RANDOLPH. Mr. President, on August 29 of this year the American Legion plans to stage the largest parade in the history of our Nation's Capital as a part of the 48th annual national convention of that organization. American Legion convention parades are traditionally among the most colorful and impressive of all parades held in this country.

It would be a fine tribute if Washington could have the largest turnout in the history of the American Legion for its parade on August 29.

Twelve years have passed since the Legion brought its national convention to Washington. At that time Government employees were excused from duty on the afternoon of parade day without loss of pay or annual leave time in order that they could attend that historic event.

As a member of the Senate Committee on Post Office and Civil Service, I am submitting a Senate concurrent resolution to express the sense of Congress that Government employees in the Washington, D.C., area whose services can be spared, should be excused from duty on the afternoon of August 29, 1966, to attend the American Legion convention parade, without loss of pay or charge to annual leave, as was done in 1954. I ask unanimous consent that the concurrent resolution be printed at the conclusion of my remarks.

Through the years I have worked closely with the American Legion in my State, and with its national leaders. I have observed the constructive approach this group has taken on the issues that confront the United States. The achievements of the American Legion on behalf of our country in its national defense program, its continuing fight against communism, its active program to promote Americanism, its alertness to the needs of our disabled, their widows and orphans, are enduring monuments to its usefulness. I am proud of the opportunity I have had to work with this organization and of the friendships which I share with members.

While observing many of the national conventions I have noted that Government offices in the cities where the conventions are held are closed during the mammoth parades that accompany such gatherings.

Mr. President, if employees are not permitted to attend the parade many of our veterans will be denied the opportunity of joining with their comrades, for

a large percentage of our civilian employees are veterans. There might be a question about granting employees time off for 4 hours because of the cost. However, in my judgment it would be poor economy and poor public relations to deny citizens here an opportunity to fraternize with their home delegations which come from nearly every city and town in the United States. There will, in my judgment, be no loss at all, but on the contrary, there will be gain in terms of good morale, if our Government employees are given time off as provided in this resolution.

Many Legionnaires and their families have never visited Washington, and this convention will afford them an opportunity to enjoy their Nation's Capital. The crowd will be immense and in a parade of such proportions, it is probable that no interruption will be permitted in the line of march. Picture the resulting confusion, delay, and costs involved in keeping many of our Government employees south of the line of march from their normal quitting time until the close of the parade late in the evening.

Small communities throughout the length and breadth of this country have conducted drives and raised funds to send their contingents here for this convention. Large and small industries in many States are sponsoring their local drum and bugle corps and other groups. The time, effort, and funds involved are tremendous. We here in the Congress must consider those back home, and it is our duty to see that these former soldiers and their families are welcomed and greeted by their relatives and friends working here. Any other course, in my judgment, would be a withholding of hospitality and a show of little or no appreciation of what the American veteran has meant to the survival of our country.

The ACTING PRESIDENT pro tempore. The concurrent resolution will be received and appropriately referred; and, under the rule, the concurrent resolution will be printed in the RECORD.

The concurrent resolution (S. Con. Res. 104) was referred to the Committee on Post Office and Civil Service, as follows:

S. CON. RES. 104

Resolved by the Senate (the House of Representatives concurring), That it is hereby declared to be the sense of Congress that all officers and employees of the departments, establishments, and agencies of the Government, including the municipal government of the District of Columbia, who are employed in the metropolitan area of the District of Columbia and whose services can be spared, should be excused from duty on the afternoon of August 29, 1966, without loss of pay or charge to annual leave, in order that they may attend the parade to be held in connection with the National Convention of The American Legion.

AMENDMENT OF URBAN MASS TRANSPORTATION ACT OF 1964—AMENDMENTS

AMENDMENTS NOS. 738 AND 739

Mr. TOWER submitted two amendments, intended to be proposed by him, to the bill (S. 3700) to amend the Urban Mass Transportation Act of 1964, which was ordered to lie on the table and to be printed.

AMENDMENT NO. 740

Mr. PROXMIRE submitted an amendment, intended to be proposed by him, to Senate bill 3700, supra, which was ordered to lie on the table and to be printed.

HOUSING AND URBAN DEVELOPMENT ACT OF 1966

AMENDMENT NO. 741

Mr. JAVITS proposed an amendment to the bill (S. 3711) to amend and extend laws relating to housing and urban development, and for other purposes, which was ordered to be printed.

(See reference to the above amendment when proposed by Mr. JAVITS, which appears under a separate heading.)

ESTABLISHMENT OF A NATIONAL MINING AND MINERALS POLICY—ADDITIONAL COSPONSORS OF BILL

Mr. ALLOTT. Mr. President, I ask unanimous consent that at the next printing of the bill, S. 3636, to establish a national mining and minerals policy, which I introduced on July 21 for myself and Senators DOMINICK, BENNETT, and SIMPSON, the names of the following Senators be added as cosponsors: Senators GRUENING, JORDAN of Idaho, FANNIN, YOUNG of North Dakota, MOSS, MORSE, BIBLE, KUCHEL, CURTIS, MONTOYA, SCOTT, and MURPHY.

Mr. President, S. 3636 could form the basis for development of a truly constructive and effective national minerals policy—a policy our country sadly has lacked, to our detriment, for many years. The Subcommittee on Minerals, Materials, and Fuels considered this measure in executive session on August 4 and voted unanimously to report it favorably to the full Interior Committee with an amendment.

I wish to call this measure to the attention of other Members of the Senate who are concerned with adequate supplies of minerals within our country and the restoration of a strong, healthy American mining industry. Therefore I ask unanimous consent that the text of S. 3636 as amended by the Minerals, Materials, and Fuels Subcommittee be printed in the RECORD at this point.

The ACTING PRESIDENT pro tempore. Without objection, the names of the cosponsors will be added; and the text of the bill, as amended, will be printed in the RECORD.

The text of the bill is as follows:

S. 3636

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mining and Minerals Policy Act of 1966".

SEC. 2. The Congress declares that it is the continuing policy of the Federal Government in the national interest to foster and encourage (1) the development of an economically sound and stable domestic mining and minerals industry, including production of precious metals, (2) the orderly development of domestic mineral resources and reserves necessary to assure satisfaction of industrial and security needs, and (3) mining, mineral, and metallurgical research to promote the wise and efficient use of our mineral resources. It shall be the responsibility of the Secretary of the Interior to carry out this policy in such programs as may be authorized by law other than this Act. For this purpose the Secretary of the Interior shall include in his annual report to the Congress a report on the state of the domestic mining and minerals industry, including a statement of the trend in utilization and depletion of these resources, together with such recommendations for legislative programs as may be necessary to implement the policy of this Act.

ADDITIONAL COSPONSORS OF SENATE JOINT RESOLUTION 174

Mr. GRIFFIN. Mr. President, I ask unanimous consent that at the next printing of the joint resolution (S.J. Res. 174) to create a joint congressional committee to study and report on problems relating to industrywide collective bargaining and industrywide strikes and lockouts, the name of the Senator from South Dakota [Mr. MUNDT] and the Senator from New York [Mr. JAVITS] be added as cosponsors.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AMENDMENT OF THE MINERAL LEASING ACT WITH RESPECT TO LIMITATIONS ON THE LEASING OF COAL LANDS IMPOSED UPON RAILROADS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1372, S. 3070.

The ACTING PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3070) to amend the Mineral Leasing Act with respect to limitations on the leasing of coal lands imposed upon railroads.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. McGEE. Mr. President, the measure which the Senate is considering at this moment is one which has been passed twice before and, therefore, we do not need to take the time to spell out its many details.

Very simply put, it tries to catch up with the mineral leasing laws with the changing face of time. It was first presented in 1957 by the late and great Senator Joseph O'Mahoney; and it was again presented in the 87th Congress under the sponsorship of former Senator J. J. Hickey and me. It did not become law since the House adjourned prior to taking any action upon the bill. This year, I have again introduced the legislation and the Committee on Interior and Insular Affairs has unanimously given the bill a favorable report.

Since this matter has been before the Senate on previous occasions, I shall not take the time of my colleagues to explain the measure in detail.

Briefly, S. 3070 would do two things: First, it would repeal the 10,240-acre limit of ownership on coal lands by any railroad; and secondly, it would remove the restriction prohibiting participation in mining and use of such coal for other than their own consumption. These two stipulations, Senators may recall, were made part of the law of the land when, in an effort to stimulate railroad construction, every other section of land was given outright to the various railroad companies in the Western States. This, of course, was during the period when railroads operated coal-fired locomotives.

Since the passing of the coal-fired locomotive, however, the great coal deposits which underlie these various sections—particularly in my own State of Wyoming—have languished almost virtually untouched, since it is uneconomic to attempt to develop a coal mining complex under the present acreage limitations.

This measure, then, simply would remove these two archaic restrictions, allow coal acreages to be developed and mined conjointly and, thus, encourage the beneficial development of this great energy resource. The possibilities for thermal, mine-mouth generation become apparent when one sees the tremendous coal reserves which underlie these sections in the West. Indeed, the proven reserves are thought to be the largest in the entire world.

Mr. President, I believe we all agree that Federal laws enacted by Congress should encourage and stimulate business, industry, and employment and should not be unduly restrictive, and this is particularly true when the restrictions themselves appear to serve no good purpose. It is for these reasons that I have introduced this measure and urge its passage by the Senate.

Mr. President, there is much merit in this proposal. It would redound to the advantage of the coal producers, the railroads, the laboring men, and the economy in general of the whole area of the West.

Therefore, I would hope that the Senate would concur again, as it has twice before, in the wisdom of this measure.

Mr. SIMPSON. Mr. President, will my colleague yield to me?

Mr. McGEE. I am happy to yield to my senior colleague.

Mr. SIMPSON. I want to associate myself with the remarks just made by my distinguished colleague. He has done a fine job on this bill in its presentation in cooperation with the work accomplished in the Committee on Interior and Insular Affairs. I agree wholeheartedly with what he states about the bill. It is of tremendous importance to the people of the West, not only in the State of Wyoming but also in Montana and the other Mountain States. It will mean much to the development of our lands out there.

I support S. 3070 because it is legislation that is needed for the development of my State and the other States of the West and because it would bring some equity and fairness into the management of our public domain. S. 3070 would amend the Mineral Leasing Act of 1920 by striking that section which prohibits railroad companies from holding under permit or lease more than 10,240 acres of federally owned coal land.

Railroad companies can lease other Federal lands of mineral value and thus are given an opportunity to compete and develop the natural resources that they presently own except for coal land. By enacting this legislation into law, we would permit the utilization of our coal lands in the West.

When the railroad company built its line in Wyoming, it came across some of the richest coal deposits in the world. The Federal Government gave to the railroad company every other section in a checkerboard pattern 20 miles on each side of its line, and of course, the railroad chose their route where coal could be found easily. Thus, the railroad company now holds ownership of about 10 billion tons of recoverable coal in the State of Wyoming.

For proper administration and development of these lands, it is necessary that we consolidate the holdings that are now owned in a 40-mile band across the State on a 50–50 basis by the Federal Government and the railroad company. We must take the shackles off the railroad company so that these lands can be properly developed.

Wyoming's coal reserve of over 60 billion tons ranks fourth largest in the Nation, yet production in Wyoming has only been ranked as number 13. If we are to realize the full benefit of our coal reserves, it is important that the railroad companies be treated equally with individuals so that these great reserves can be developed beneficially in cooperation with others who own the rights to coal lands in our State.

In 1964, Congress enacted a law which would allow an individual to lease as many as 46,080 acres of Federal land. This legislation was important to Wyoming's development, as will be the enactment of S. 3070. At the present time, the best possible use for this coal which lies in such abundant quantities will be for the generating of electricity. The energy of coal can be transformed into electricity and can light up the whole West. "Coal by wire" is a new and successfully growing industry in Wyoming.

When we take the shackles from the railroads, joint corporate ventures will open up new lands that will bring mining jobs and allied employment to many thousands of people in our State. It will help to add to the electrical power that is needed to supply the growing demands of western America. I am optimistic about the future of Wyoming and its coal industry, but before we can realize the full benefit of the coal industry's contribution to the State's and the Nation's economy, we must adopt that legislation which will bring equality and fairness to those who are interested in developing those reserves through research for new uses of our coal and the carrying out of already proven successful programs.

Mr. President and fellow Members of the Senate, this bill is important to the State of Wyoming and I urge its passage today.

Mr. MANSFIELD. Mr. President, I should like to add my concurrence to the remarks made by the distinguished Senator from Wyoming [Mr. SIMPSON] regarding the presentation of his colleague, Mr. McGEE. I am delighted that this bill is again before us. I am sure that it will receive unanimous approval of the Senate because of the efforts of the Senators from Wyoming in its behalf.

Mr. COOPER. Mr. President, will the Senator from Wyoming yield?

Mr. McGEE. I am happy to yield to the Senator from Kentucky.

Mr. COOPER. Does this bill have application only to public lands?

Mr. McGEE. That is correct. Public lands in which there were restrictions imposed in the areas that the railroads operate through. It is a sort of checkerboard arrangement. We are trying to put it together in one piece.

The ACTING PRESIDENT pro tempore. The bill is open to amendment. If there be no amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 2 of the Mineral Leasing Act of 1920, as amended (41 Stat. 437, 438; 30 U.S.C. 202), is hereby repealed.

INTERNATIONAL LITERACY DAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1405, House Joint Resolution 810.

The ACTING PRESIDENT pro tempore. The joint resolution will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A joint resolution (H.J. Res. 810) to authorize the President to proclaim the 8th day of September 1966 as "International Literacy Day."

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the joint resolution?

There being no objection, the resolution was considered, ordered to a third reading, was read the third time, and passed.

EXECUTIVE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The ACTING PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting two nominations, which were referred to the Committee on Public Works.

(For nominations this day received, see the end of Senate proceedings.)

The ACTING PRESIDENT pro tempore. If there be no reports of committees, the nomination on the Executive Calendar will be stated.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The legislative clerk read the nomination of Paul A. Miller, of West Virginia, to be an Assistant Secretary of Health, Education, and Welfare.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask that the President be immediately notified of the confirmation of this nomination.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Senate resumed the consideration of legislative business.

RESIGNATION OF EDWIN O. REISCHAUER AS AMBASSADOR TO JAPAN

Mr. MANSFIELD. Mr. President, the resignation of Edwin Oldfather Reischauer as Ambassador to Japan has evoked a sense of sincere regret among those who are acquainted with his work in Japan during the past 5 years. That feeling, I am sure, exists among the Japanese no less than among Americans.

When it became known that the Ambassador was determined to withdraw many of us in the Senate urged him to reconsider. So did President Johnson. The President was most anxious for Mr. Reischauer to remain in the public service, and I know how much he personally tried to dissuade him from his intention. However, the Ambassador felt it most desirable that he step out at this time and refurbish his insights by a return to academic surroundings.

The widespread concern at his resignation is a tribute to Mr. Reischauer's competence and effectiveness as Ambassador to Japan. It has been said that his great achievement in these past 5 years has been to repair "the broken dialog" between Japan and the United States. I am not quite sure what that phrase connotates. It is an apt phrase, however, if it means that Ambassador Reischauer encountered a trend of estrangement between Americans and Japanese on his arrival in Tokyo and that, in the subsequent 5 years, he helped greatly to check and reverse that trend. The fact is that Ambassador Reischauer has done much to fill the reservoir of reciprocal respect and understanding between Japan and the United States. The reach of his ambassadorial effort went far beyond the routine maintenance of excellent official relations. His great knowledge of and sensitivity to Japan and its peoples was felt deeply by Japanese society.

It is not surprising that the American press, on the occasion of Mr. Reischauer's resignation, has gone to great lengths in paying tribute to him and his charming, dedicated and equally hard-working wife, Haru Reischauer. Together, these two devoted Americans have combined to perform a splendid service for this Nation and for the development of constructive relations between ourselves and the Japanese.

I ask unanimous consent that a selection of press reactions to the resignation of Ambassador Reischauer be included at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Baltimore (Md.) Sun, July 27, 1966]

AMBASSADORS

The resignation of Edwin O. Reischauer as our Ambassador to Japan comes as that country is moving steadily toward a more prominent role in Asia and as relations between the United States and Japan have been growing broader and stronger. In his five years as Ambassador, Mr. Reischauer has seen Japan reach outward toward new relationships with other nations, including the Soviet Union and Red China, as World War II receded into the past, and it is a mark of diplomatic ability that our relationship with Japan has improved steadily during this period. Mr. Reischauer, who has provided an outstanding example of the way in which scholarship and diplomacy can be joined, is expected to go back to a professorship at Harvard University. He deserves the thanks of his countrymen.

President Johnson's designation of U. Alexis Johnson, the Deputy Under Secretary of State for Political Affairs, as the new Ambassador to Japan is a clear indication of the importance the Administration continues to give to the Tokyo assignment. As Deputy Under Secretary, Mr. Johnson has been the ranking career officer in the State Department. He is an expert on Japan and the Far East with many years of service there; his most recent assignment abroad was in 1964–1965 when he was deputy ambassador in South Vietnam. Mr. Johnson's appointment as Ambassador should be welcomed in Japan as it is here.

[From the Washington (D.C.) Daily News, July 27, 1966]

THE AMBASSADOR RETIRES

Our Ambassador to Japan, Edwin O. Reischauer, is giving up his post to return to Harvard, where he was teaching when President Kennedy appointed him more than five years ago. His credentials were patently tops: born in Tokyo, fluent in Japanese, well versed in Japanese and Asian affairs, married to a Japanese lady. But even better has been his outstanding performance.

During thse five years of dramatic change in Asia, Ambassador Reischauer has done an intelligent and constructive job of reporting on Japan to us, and representing us to the Japanese. He has steadily helped forge closer links between the United States, with our deep interests in Asia, and Japan, one of Asia's prime powers. In an important bit of peace-making on the side, he was instrumental behind the schemes in the restoration of normal relations between Japan and South Korea, its former colony.

So, three cheers! One for Prof. Reischauer. We will be listening for his voice on Asian affairs. One for professors and other egg-heads of this cut, who can serve the country as well, or maybe better, than campaign contributors, fashionable hostesses, and the like. And one for Presidential appointees, over career diplomats, when the President has a good one.

[From the Christian Science Monitor, July 28, 1966]

THE EMERGENT STATUS OF JAPAN

Japan's continuing desire is for international status—or for general recognition as an independent and influential Asian power not forever seen as a client or protégé of the United States.

Moreover, the years since the signing in 1960 of the Japanese-American Security Treaty have seen Japan edging tentatively toward a more independent position in the world. The shame of the 1940's has been left behind. The country has grown miraculously in industrial and general economic vigor. And the Olympic Games of 1964—a triumph of staging in Tokyo—won worldwide recognition as a very Japanese achievement.

Inevitably the stirrings are accompanied by strains, nowhere more sensitive than in the all-important relations between Tokyo and Washington. During these years, the United States has been fortunate to have had as Ambassador in Japan Edwin Reischauer. He has understood as few other outsiders could what is happening in Japan.

It is perhaps an indication of how things have changed since Professor Reischauer went to Tokyo as Ambassador that announcement of his resignation coincided with a visit to Tokyo by Soviet Foreign Minister Andrei Gromyko. (There is, of course, no direct connection between the two.) But who would have thought back in 1961 that five years later Japan would have been negotiating joint development of Siberia with the Soviets—without any fundamental change of government in Tokyo and without a chorus of loud protest from Washington?

Moscow's desire to involve the Japanese in Siberia is perhaps more surprising than Washington's apparent acquiescence in the move. The main reason for both is the possible long-term threat from China. Even if Japan is banned constitutionally from development of significant military strength, she remains the only real industrial power of Asia, and the only really developed country of the continent, too. Thus, it is natural that those who feel China a long-term threat are interested in bringing Japan into play as a counterbalance to the threat.

In terms of real estate, the Soviet Union is most threatened by China along their common border that runs for thousands of miles from Central Asia across Siberia to the Pacific, facing Japan. The emptier and less developed the vast area to the north of the border remains, the more tempting it is to China. Hence the Soviets' desire to develop it speedily, and their willingness to call in successful free-enterprise Japan to help them do it.

There can be little doubt that in trying to forge stronger economic links with Japan, the Soviets are simultaneously aiming at lessening United States influence there. At present the United States not only guarantees Japan's security but maintains bases on Japanese territory.

We are inclined to think that power in Japan is likely to remain in the hands of the men who have it now—provided they are able to show that they are furthering Japan's interests in the way thought best by the Japanese themselves. Nothing should please the United States more than a healthy, stable Japanese Japan. But nothing would be more likely to prevent this than outside pressure to get the Japanese to do what outsiders think is best for Japan. On that, surely the Japanese are the best judges.

[From the Christian Science Monitor, July 29, 1966]

AFTER REISCHAUER: JAPAN DIALOG CONTINUES

TOKYO.—The United States no longer needs another man "like Professor Reischauer" as its ambassador to Japan.

That perhaps is the greatest tribute to what Edwin Oldfather Reischauer and his wife Haru have achieved during their five years in the gleaming white mansion atop Reinan Slope here.

The ambassador has told friends that his main job, which was to repair what he called the "broken dialog" between the United States and Japan, has been achieved. Appointment of career diplomat U. Alexis Johnson as Mr. Reischauer's successor shows that President Johnson and Secretary of State Dean Rusk agree.

QUALITIES APPLAUDED

Japanese newspapers have reacted favorably to Ambassador Johnson's appointment. They note that he began his diplomatic career as a language officer in Japan, that his son Stephen was born in Japan, that almost all his career has been spent either in the Far East or dealing with the Far East.

They are flattered that Washington should underline the importance of the Tokyo post by appointing a man who currently occupies the No. 3 position in the State Department—Deputy Undersecretary for Political Affairs.

But the newspapers do not hide their regret over Mr. Reischauer's impending departure to resume a professorship at Harvard University.

While specific tributes vary from journal to journal, "sincerity" is the quality most applauded. The Asahi Shimbun, one of Japan's most respected newspapers and a frequent critic of Washington Asian policy, lauded the ambassador's "missionary zeal" in listening to and talking to the Japanese.

The Reischauers arrived in Japan in the wake of the greatest postwar crisis in Japanese-American relations—the antisecurity-treaty demonstrations of 1960.

These demonstrations had forced the cancellation of President Eisenhower's goodwill trip to Japan and caused the downfall of the Kishi Cabinet which had signed the treaty. The agreement provided for American bases in Japan to continue at least until 1970 and on a renewal basis thereafter.

The Reischauers' efforts have been characterized as multifaceted but never flamboyant. They never passed up any opportunity to strengthen and diversify the strands of dialogue between the two countries—from official speeches and glittering receptions to homely chats with village PTA's.

In a recent interview, Mr. Reischauer estimated he had visited all but three of Japan's 46 prefectures.

Almost all newspapers here note a change in atmosphere between early 1961, when the Reischauers took up their job, and today. They don't deny the existence of serious differences in viewpoints between Tokyo and Washington, notably on policy toward Peking and Vietnam.

POLICY DIFFERENCES

But the important thing, they say, is that the two countries can discuss these differences frankly, as equals, without offending one another's feelings.

As Deputy Undersecretary of State, as deputy ambasador to Saigon, and before that as ambassador to Thailand and to Czechoslovakia, incoming Ambassador Johnson helped to formulate American policies toward Peking, toward Laos, Thailand, and the two Vietnams.

During his Prague stint he dealt personally with the Chinese Communists during those periodic confrontations Washington and Peking have at Warsaw.

Some of these policies, notably the bombing of North Vietnam, have been severely criticized by the Japanese.

But one of the results of Mr. Reischauer's efforts to stimulate a many-strand dialogue between Japan and the United States has been the growth of a dialogue among the Japanese themselves. Doesn't Japan's own national interest demand a continuation of American bases in the Far East?

From a "national interest" viewpoint, what should Japan's relations be with Peking? With Washington? With Southeast Asia?

This kind of debate, unheard of in Japan when the Reischauers arrived, should make Mr. Johnson's task as a professional diplomat considerably easier, even when dealing with sensitive and emotion-rousing issues.

[From the Christian Science Monitor, July 30, 1966]

REISCHAUER: COMMUNICATOR

(NOTE.—Reviewing five years as Washington's "man in Tokyo," Ambassador Reischauer says there is still a tremendous gap in understanding between the United States and Japan. Nevertheless, things are "going very, very well today" as he and his wife prepare to take their leave.)

TOKYO.—A little more than five years ago, a Harvard history professor arrived here with a formerly Japanese wife as the United States Ambassador to Japan.

Never before had the United States dared to send an envoy to the home country of his foreign-born wife.

Furthermore, some people, both in the United States and here, looked askance at the thought of an "egghead" and liberal in one of Washington's most crucial ambassadorships.

But those were the heady opening days of a New Frontier in American experience. Anything seemed possible.

The professor's mandate was clear: To mend what he himself had described as the "broken dialogue" between Washington and its foremost Far Eastern ally.

Ambassador Edwin O. Reischauer was reminiscing recently over his five-year sojourn here. And he looked ahead. It was already known here that he soon would be leaving to resume his life's work as a scholar and student of Asia's destiny.

"My major problem when I came here in 1961," he recalled, "was to try to overcome what seemed to me a rather serious breakdown in communication between ourselves and large elements of the Japanese public—not the government—who felt completely out of touch and out of sympathy, who felt they couldn't get their ideas through to us and couldn't figure out what we were thinking."

DISCONTENT EXPLODED

These elements included intellectuals, students, labor leaders, and leftist Opposition politicians who felt alienated from the conservative order that had ruled—and still runs—postwar Japanese society.

Their pent-up discontent had exploded into months of rioting the summer before. Those were the massive 1960 demonstrations against revision of the Japanese-United States Security Treaty, which forced President Eisenhower to cancel a state visit to Japan.

"When you look back," said Dr. Reischauer, "you realize how superficial was even the little communication that did take place. The Japanese people then were not ready to discuss a lot of the really serious problems, such as how peace, stability, and economic progress can realistically be achieved in the Far East. The great difference between then and now is that there is much more real communication on serious issues going on today.

"Things are going very, very well today," the Ambassador declared. "I think there is a great easing of Japanese sensitivity toward the United States. We're closer to having an equal relationship. We're very much less in the Japanese mind than five years age. And this is good."

MAJOR CHANGE SIGHTED

"The Japanese are much more understanding of themselves and where they stand in the world, much more concerned with looking at the problems of the world for themselves rather than just reacting to what American foreign policy may be. This is the chief change that has taken place."

Dr. Reischauer feels the Japanese will clarify their independent position on global issues well before 1970.

That is the year either Japan or the United States can end or revise the 1960 security treaty between them. This pact—keystone and symbol of Japan's postwar foreign policy—is still the most divisive issue between Left and Right in Japan. And leftists are girding for a showdown over it in 1970.

Dr. Reischauer, however, foresees no crisis in 1970. He concedes the coming debate over Japan's role in the world might become very sharp and even involve disorder. But he feels little doubt about its eventual outcome.

"Japan's interests in a peaceful, trading world are so overwhelming that they will see their way to playing a large role in aid to less-developed countries and helping them become independent, stable units. Also, the Japanese may take a more realistic attitude toward the problems of defense and collective security."

In April, Japan took its first concrete step toward a larger role among Asia's developing nations. It hosted eight Southeast Asian countries at the first economic development conference ever held on Asian initiative. In full public view, the Japanese Government announced it will raise its aid to developing countries to 1 percent of Japan's national income as soon as possible.

TURNING POINT SEEN

That conference, Dr. Reischauer declared, was "vastly important, a great turning point in Japanese history." Japan had little reason to call such a meeting unless it was willing to dispense aid.

Yet the government went through with it. And it reaped gratifying returns.

"The response from the Southeast Asians was much more friendly to Japan that people counted on," commented Dr. Reischauer. "And the response of Japanese people themselves was much more enthusiastic than might have been expected."

To the departing American Ambassador, the conference also was an encouraging portent of Japan's recovery from the "only really low point" in his five-year tenure here.

That was much of the year 1965 when the stepped-up war in Vietnam provoked great emotional excitement in Japan. Once more the Japanese tended to blame Asia's troubles on American Far Eastern policy and the American-Chinese confrontation. They reverted to severe criticism of the United States in almost all ways.

To Dr. Reischauer, it was a most worrisome time. The relationship he had so carefully nutured seemed to be retrogressing.

HOMECOMING RECALLED

Since then, however, Japanese alarm that the Vietnam war might involve them in the American fight has calmed down. The Japanese again are in positive search of their destiny.

For Edwin Oldfather Reischauer, son of American missionary parents, assignment to Tokyo was a homecoming to the land of his birth and the object of his lifelong interest.

Here he was schooled until age 16. And here he returned for graduate study after earning degrees at Oberlin College and Harvard University.

His father, August Karl Reischauer, had come to Japan in the Meiji Era and, among other things, helped found Tokyo Joshi Daigaku (Tokyo Women's Christian College). His mother helped start Japan's first oral school for the deaf

Yet it was no easy decision to return as ambassador. His wife, the former Haru Matsukata, granddaughter of a onetime Prime

Minister of Japan, "at first was absolutely opposed to it," Dr. Reischauer revealed.

"Here my country was asking me to do something, and in a way I'd been critical of some of the ways we'd handled things in our relations with Japan in the past," related the Ambassador. "It was a case of put up or shut up. So for various reasons, I felt I didn't have any choice. I just had to accept."

With his lifelong knowledge of the difficult Japanese language, his long familiarity with the people, his standing as a scholar, and his marriage to a Japanese, Dr. Reischauer made an ambassador with whom the Japanese could identify.

And identify they did! Few ambassadors have ever experienced as tumultuous a reception as Dr. Reischauer in 1961.

"At last someone who will really understand us," exulted Japanese newspapers at word of his appointment.

"No other American would receive such a warm welcome in Japan," said an Asahi Shimbun columnist, remembering the riots of the year before.

Because of a premature news leak and the lengthy routine of processing his FBI security clearance, however, it was some six weeks between Dr. Reischauer's selection and his arrival at Haneda Airport.

The long wait gave rise to innumerable rumors that President Kennedy might retract his appointment, that conservatives in Japan objected to a known liberal, etc.

"It was a very painful experience, particularly for a person who had never been in the limelight in that way before," Dr. Reischauer recalled. "But actually it worked out extremely well. Those six weeks or so allowed the Japanese to build this [his appointment] up to a pitch of such high intensity of interest that by the time my wife and I arrived, all we had to do was step off the plane and it was a great triumph. All we had to do was be around, go to receptions and break into this job, and we'd already achieved a great deal. I always felt that we could have gone home right then and still have done a great deal."

He was joking, of course, and his face creased into the eyebrow-arching laugh that comes so easily from him. Despite his official duties, the former professor has lost none of the zestful informality that made him such a favorite at Harvard, where students affectionately dubbed one of his courses "Rice paddies."

LEFT VOICED OPPOSITION

For all their anticipation, however, some groups in Japan did not quite know how to regard the new envoy when he arrived.

The extreme Left, for example, Dr. Reischauer related, went through "a period of a year or so in which they were very much in doubt about what to do with me." Finally they "decided I was a first-class disaster from their point of view and for the last three or four years have been very strong in their attacks on me.

"But I never expected that I could establish any dialogue with committed Communists and fellow travelers," he observed.

At the other end of the political spectrum, the Ambassador confided, "there are some really old-fashioned conservatives who have never gotten over the thought that probably I eat breakfast every morning with a lot of wild-eyed intellectuals.

"The truth of the matter is that I have had much less time to associate with Opposition elements than would be desirable."

At the outset of his tenure, however, he said, "we managed to create the mood that Americans and Japanese could talk about all sorts of things and that the Embassy is not a mysterious organization behind big white walls."

Nevertheless, "there is a tremendous gap in understanding between our two countries," Dr. Reischauer noted. For one thing, "attention in Washington has not been focused on Japan as much as it should. It has been glued on more immediate problems in all parts of the world."

In Japan, the gap is still "primarily with the Left, the Opposition." Officials in the government, "because of the nature of their jobs, because they have to face responsibilities, are probably much closer to being able to understand us than anybody else."

But this is not necessarily true of their supporters, the Ambassador said—"not by a long shot."

The next ambassador, Dr. Reischauer said, will have "much less of the role I've tried to play of developing the mood for dialogue, Japanese responsiveness is such now that special efforts on our part are not required. They themselves will carry the dialogue to us."

To resume his academic life, Dr. Reischauer hopes to return to Harvard ("It's the best place for recharging my batteries"). Three years ago, when he decided to stay on here, he had to resign his professorship and several top posts there. But there is little doubt Cambridge will welcome him back.

The outgoing Ambassador, of course, "would like to write about my experiences here—not just anecdotal things but something about modern diplomacy as a whole, from what I've learned through my stay here."

Another book he contemplates is one "on our whole Asia policy."

[From the Los Angeles Times, July 31, 1966]

JAPAN: REISCHAUER OUT, JOHNSON IN

Edwin O. Reischauer, the popular U.S. ambassador to Tokyo, resigned last week and veteran Asia diplomat U. Alexis Johnson was appointed to replace him.

Japan, meanwhile, was taking another step out of Asia's political sideshows toward playing a world diplomatic role more in keeping with its size and economic strength, a trend which began during Reischauer's five-year stay and has been encouraged by the United States.

Reischauer, an expert on the Japanese language and culture who has a Japanese wife, was at home from the moment he arrived at his post in April, 1961. But in the wake of the 1960 crisis over the revision of the U.S.-Japan security treaty and President Eisenhower's canceled visit he had a delicate fence-mending job to do. He gained the confidence of Prime Minister Nobusuke Kishi's successors, reestablished contact with Japan's influential non-Communist left and encouraged frank debate by traveling around Japan talking and listening.

His words, style and family became favorite topics for Japanese press and television and he was credited with helping to restore what he called the "broken dialog" between the United States and Japan.

GROMYKO IN TOKYO

The Japanese last week were busy restoring another broken dialog. Soviet Foreign Minister Andrei A. Gromyko was spending six days in Tokyo consulting with his Japanese counterpart, Etsusaburo Shinna, Prime Minister Eisaku Sato and other top officials.

It was the first such visit by a Soviet foreign minister and its main accomplishment was an agreement on Japanese-Soviet cooperation in developing the economic resources of Siberia. This is expected to spur lagging Soviet-Japanese trade. Politically it is in line with the idea of strengthening Japan's hand in dealing with Peking by having good relations with both Washington and Moscow, as has been discussed recently in Japanese political circles. It was also a turnabout for the Russians, who used to guard Siberia jealously from Japanese encroachment and now fear the same from China.

Gromyko and Shinna also agreed to extend consular privileges between their two countries and to speed up negotiations on reciprocal airline rights.

ISLAND ISSUE SHELVED

The Japanese were turned down sharply, however, when they suggested talks about several North Pacific Islands taken over at the end of World War II by the Russians, Gromyko considered the matter closed because of wartime Allied agreements to strip Japan of all territories considered gained illegally or by invasion.

The Japanese claim to some of these islands has been a stumbling block to a peace treaty with Moscow, in the absence of which the two countries maintain diplomatic relations by special agreement.

There was no question, however, that Gromyko's visit moved Moscow and Tokyo closer as part of the changing Japanese diplomatic scene which Reischauer's successor will face.

Reischauer plans to leave in six to eight weeks and return to academic life at Harvard. His departure had been rumored for some time but officials in both Washington and Tokyo had hoped to persuade him to stay another year.

U. Alexis Johnson is no stranger to Japan. His first foreign service assignment was as a language officer in Tokyo in 1935. He was arrested by the Japanese in Manchuria in 1941 and later returned to the United States in a wartime exchange of diplomats. He served with Gen. Douglas MacArthur's occupation government after the war and since has been ambassador to Czechoslovakia and Thailand and was deputy ambassador in Saigon under former Ambassador Maxwell D. Taylor. He is now deputy undersecretary of state for political affairs, ranking fourth in the State Department hierarchy.

Johnson is expected to continue strongly Reischauer's efforts to get more active Japanese support for U.S. actions in Vietnam which have recently caused new strain in relations between the two countries.

[From the Christian Science Monitor, Aug. 1, 1966]

AS MRS. REISCHAUER

TOKYO.—Five years ago, the thought of becoming an ambassador's wife was "too horrible to think about" for Mrs. Edwin O. Reischauer. She much preferred the academic atmosphere of Harvard University, where her husband taught.

But today—one thousand and one teas, receptions, luncheon speeches, formal dinners and house guests later—the wife of the United States Ambassador to Japan has found her life "almost like a dream." [The ambassador's resignation was announced in Washington July 25.]

"You just can't help being a richer person by having this experience," related the granddaughter of a onetime Prime Minister of Japan in an interview at the embassy residence here. "You meet such wonderful, interesting people who are devoted to solving the problems of today."

She mentioned such recent house guests as Ambassador-at-Large W. Averell Harriman, the McGeorge Bundys, and another visitor whom she could not name "because it's a secret that he was out here."

From the beginning, Mrs. Reischauer has made it her first duty to relieve her ambassador-husband of as many unnecessary burdens and worries as possible. But this has not prevented her from assuming a very active schedule of her own.

Most of her activities have revolved around women, both Japanese and American. "I'm a member of about 14 women's clubs and an honorary member of I don't know how

many," she related. "I was never in a woman's club before."

Like a professor's wife, however, Mrs. Reischauer has steered the ladies into more than "just hopping from one tea to the next." Two years ago, she initiated the Embassy Women's Club seminars "to put something into our heads." She asked various specialists on Japanese life to speak before embassy women, then answer questions.

Mrs. Reischauer has also arranged Japanese language instruction for embassy wives. "When I came here," she recalled, "I found that embassy wives were not getting free lessons whereas secretaries were. It's the wives that really need to know some Japanese."

As for Japanese women, Mrs. Reischauer has encouraged as many as possible to visit the United States. Since her husband became ambassador in 1961, she has arranged for most women members of the National Diet, who had not gone previously, to tour America. Their two-month trips have been financed by the leader grant program of the United States Department of State.

Juvenile delinquency, according to Mrs. Reischauer, is "the biggest problem Japanese women face today. Everywhere I go, I am asked questions about it. Japanese women are baffled by this problem. They want to know more about it, what it's like in the United States, how they can help their children."

Mrs. Reischauer also has spoken frequently before officers' wives' clubs at American military bases in Japan. Many military wives, she says, "cannot understand why they should run into anti-American feeling here when their husbands have come here in Japan's interests as well as our own. So I have to tell them."

She explains that many Japanese mistakenly consider Americans "a very militaristic people." This belief stems partly from their experiences with Japan's militarists before World War II.

Mrs. Reischauer is ready to assume the role of a professor's wife—if only to gain sartorial peace of mind.

"One of the greatest differences between being a professor's wife and an ambassador's wife is my wardrobe," she told the Great Heights Officers' Wives' Club some time ago. "I don't dare let my husband look into my closet to see how many dresses I have accumulated since coming here. Once he saw all my shoes, and he almost fell over with surprise."

[From the New York (N.Y.) Daily News, Aug. 2, 1966]

BACKS JAPAN OVER CHINA

WASHINGTON, August 1.—Japan, not Red China, will have the greatest impact on the future of Asia, retiring U.S. diplomat Edwin O. Reischauer said today. "China's influence is negative and recognized as such by everybody, whereas the positive role Japan can play is not so widely understood as yet."

[From the Saigon Post, Aug. 2, 1966]

FUTURE OF ASIA MORE AFFECTED BY JAPAN THAN RED CHINA: REISCHAUER

WASHINGTON, Monday, August 1.—Edwin O. Reischauer, retiring U.S. ambassador to Tokyo, predicted today the future of Asia will be more affected by Japan than Red China.

"I feel quite strongly that, in the long run, Japan will probably do more to affect the future of Asia than China," Reischauer said in a copyrighted interview published in the magazine, U.S. News and World Report.

Two decades after a devastating military defeat, the Japanese are rapidly moving into "a role as the great economic and political power in Asia," the Ambassador said.

"China's influence is negative and recognized as such by everybody, whereas the positive role Japan can play is not so widely understood as yet," he declared. "But for the last year or so, Japan has been showing signs of getting ready to assume a new position of leadership."

Asked whether Japan would assume some of the U.S. burden in the Pacific, Reischauer said it was "inevitable."

But he said he would "assume that Japan will continue to look to us for nuclear defense," one reason being that the pacifist tendency in Japan "will remain strong among a large part of the Japanese public for some time into the future."

Reischauer also said chances of closer relationship between Japan and Communist China is not in the cards because Japan could not achieve this "without cutting off relations with Taiwan, and that is a price which they are not willing to pay."

Reischauer was Ambassador to Japan for five years until last Monday, when he resigned to rejoin the faculty of Harvard University.

During the interview, he made these other points:

—The United States has "no timetable" for the return of Okinawa to Japanese control, and although the U.S. hopes it can be accomplished soon, "security considerations come first."

—It is "hard to see" Japan catching the United States economically "but they are certainly getting closer all the time" and in the next decade, "may well pass the United Kingdom, France and West Germany to become the third (largest economic unit) after the United States and the Soviet Union."

[From Time, Aug. 5, 1966]

FOREIGN RELATIONS: DIALOGUE RESTORED

In 1960, U.S.-Japanese relations were at their lowest postwar ebb. Student demonstrations against their country's security pact with Washington had culminated in the cancellation of a visit to Tokyo by President Eisenhower. In world affairs Japan still labored under the inferiority complex of a conquered nation. That fall, *Foreign Affairs* ran an essay titled "The Broken Dialogue" by Dr. Edwin Oldfather Reischauer, director of the Harvard-Yenching Institute dealing with Far Eastern studies. In his article Reischauer pointed up the "weakness of communication between the Western democracies and opposition elements in Japan"—and so impressed President-elect Kennedy that he subsequently appointed its author Ambassador to Tokyo.

"Easy Equality." By last week, when Reischauer, 55, confirmed that he is stepping down in order to return to Harvard, he could take major credit for a notable improvement in relations between the U.S. and Asia's most advanced nation. Lacking any previous diplomatic field experience, he brought to the job some extraordinary qualifications. Born in Tokyo of Presbyterian missionary parents, Reischauer is married to a member of a distinguished Japanese family, speaks the language fluently and is one of the world's leading authorities on Japanese history. In scores of articles in Japanese publications and in close personal contacts with Japanese from virtually every walk of life, the ambassador—who was respectfully labeled *sensei*, honorable teacher—was a powerful influence in restoring the nation's self-confidence.

The Japanese government has become increasingly aware of its international responsibilities. Moreover, though Tokyo and Washington still have their differences—most Japanese, for example, deplore U.S. bombing of North Viet Nam, while the U.S. opposes Japan's granting of long-term credits to Communist China—relations between the two capitals are more cordial than ever before. As Reischauer noted in a *sayonara* statement last week, Americans and Japanese now enjoy "a full and frank exchange of opinion on a basis of easy equality."

His Own Division. Picked to succeed Reischauer was U. (for Ural)* Alexis Johnson, 57, Deputy Under Secretary of State for Political Affairs and himself an old Asia hand. Also fluent in Japanese, Kansas-born Johnson started his career as an embassy language officer in Tokyo in 1935; on Pearl Harbor Day, as a vice consul in Japanese-controlled Manchuria, he was interned. Exchanged in 1942, he later joined General Douglas MacArthur's Tokyo staff. More recently, Johnson was deputy ambassador in Saigon before returning to Washington last year.

Though he occupies the State Department's No. 4 post, Johnson himself requested the Tokyo assignment. Like a Pentagon general or desk-based admiral, he explained, "You just want to have your own division or your own ship to run." Besides, fellow diplomats note, an assignment to Tokyo "is like going to the Court of St. James for European hands.' Johnson's principal challenge will be nurturing Japanese participation in cooperative economic endeavors in Southeast Asia.

Thinning Crop. Johnson's impending departure widens a leadership gap in State's upper echelons. The No. 3 man, Under Secretary for Economic Affairs Thomas Mann, resigned in April, and the department's second in command, Under Secretary George Ball, hopes to leave by summer's end. There are no obvious candidates for any of their jobs. The vacuum underscores criticism that the Kennedy and Johnson administrations have failed to develop a new echelon of top career diplomats.

[From the Baltimore (Md.) Sun, Aug. 11, 1966]

JAPANESE ROLE

In the opinion of Edwin O. Reischauer, who is leaving Tokyo after five years there as United States Ambassador, the communization of Japan is Peking's most important single objective. This is another way of saying that regardless of developments elsewhere, what happens in Japan in the years ahead can pretty much determine the fate of Asia. Merely to imagine the power of a Communist Japan allied with a Communist China is to make the point obvious.

Thus it is heartening to hear Mr. Reischauer's expert judgment that communism is a "shrinking danger" in Japan, as it is heartening also to find him convinced that Japan is unlikely again to try to become itself an imperial power, through wars of conquest. The Japanese have recognized, he says, that the old kind of nationalism which led them into the disaster of World War II is economically, politically and militarily not feasible.

None of this can be taken as meaning that Japan may be taken for granted by the United States as a nation ready to applaud and follow all American policy. It should be true, as Mr. Reischauer says, that the Japanese will perceive the common sense in continuing their security relationship with the United States, but beyond that they may be expected to follow an increasingly independent course. Not only their own interests, but ours as well, and Asia's, will be better served if they do so.

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* He was not, Johnson insists, named after the river or the mountain range in Russia. His mother, he explains, wanted him to have a first name that would sound something like his father's—Carl—but not be so common. So she invented Ural.

[From Newsweek, August 8, 1966]

BRIDGE BUILDER

It was January 1961 when Edwin Oldfather Reischauer, a lanky Harvard professor of Oriental studies, dropped by the State Department to tell Under Secretary Chester Bowles about a trip he had just made to Korea. "We can talk about Korea later," Bowles said impatiently. "But first let's talk about you becoming Ambassador to Japan."

Swallowing his surprise, Reischauer found himself packing for Tokyo (where he was born of missionary parents) and taking on one of the most sensitive U.S. missions anywhere. Leftist demonstrations against renewal of the mutual-security pact between the two nations had so wrenched U.S.-Japanese relations that Dwight Eisenhower had been forced to cancel a visit in 1960. It was Reischauer's task to mend what he understated as the "broken dialogue." When he quit last week to return to Harvard at 55, there was solid agreement that he had done precisely that.

Open Door: Fluent in Japanese (and aided by his Japanese wife, Haru), Reischauer threw open the embassy doors to all comers, booked lecture dates, wrote widely for magazines and everywhere stressed a single message: that Japan's future lay in close ties with the U.S. and the free world. His open-door policy won friends and influenced people. ("In 1960," said one stunned socialist, "I was demonstrating outside the embassy gates. Now I'm having lunch inside.") And so did his judicious choice of words like "partnership" and "independence" for a nation still outgrowing its postwar occupation complex. Even as widespread public opposition to the war in Vietnam threatened to sour relations again, Reischauer's bridge-building helped cut tensions. Displaying his insight into Japanese psychology, he chided the press for "one-sided reporting" of the war—and got Japanese editors to tone down their excesses.

It was with genuine "deep regret" that Lyndon Johnson announced Reischauer's resignation. But he had another old Japan hand waiting in the wings: U. (for Ural) Alexis Johnson, 57, currently Deputy Under Secretary of State, recently deputy ambassador to Saigon, and a respected pro who started his Foreign Service career as a Japanese-language officer 31 years ago.

[From the Los Angeles (Calif.) Times, Aug. 7, 1966]

REISCHAUER ERA: GOOD FOR UNITED STATES AND JAPAN

(By Arthur J. Dommen)

TOKYO.—Americans and Japanese began finding out about each other in a serious-minded manner during the occupation that lasted from 1945 to 1952. Since then, although many Japanese ways of looking at things like Communist China's expansionist threat are still mysteries even to highly informed Americans, the two countries have found out a good deal about each other. Much of the credit for learning must go to the tall, outspoken teacher whom the United States has had as its ambassador in Tokyo since 1961.

When the Japanese look back on this most recent period of their post-war revival, they see Edwin O. Reischauer as an ambassador indefatigable in his efforts to show them the way of better understanding of the United States and its purposes in Asia. It is Reischauer the teacher, appointed to the post by President Kennedy, who has left his mark here more distinctly than Reischauer the diplomat. The proof is that while few treaties and agreements were negotiated during Reischauer's tenure, few deny that the bridge between the United States and Japan has been built anew on a firmer and more durable foundation.

As soon as Reischauer arrived in Tokyo he set about gathering for his staff the American specialists on Japan who had dispersed to the far corners of the globe after the occupation. Toward the Japanese, on the other hand, Reischauer also adopted a fresh approach. He saw that the foreign office bureaucrats with whom his counselors dealt did not represent more than a small fraction of Japanese political opinion and power. He therefore opened doors to men from many quarters of Japanese life who had been ignored for years by the embassy. In the quiet library of the embassy chancery he asked their views of Japan's future and tried to persuade them to think of America, too, as wanting a relationship of complete equality.

They included the directors of such companies as Yawata Iron and Steel and the Fuji Bank, whose financial contributions to the Liberal-Democratic Party made them an influential force in Japanese politics and whose interests did not always coincide with those of the foreign office. They included intellectuals who had been driven into protest movements despite the fact that many of them were not anti-American. They also included Japanese newspapermen, with whom Reischauer debated in his fluent Japanese rather than lecturing them as had been the practice.

Writing about foreign policy recently in a widely circulated Japanese magazine, Reischauer shrewdly observed: "In the past, Japanese have often seemed to approach problems of foreign policy by first trying to determine what 'American Far Eastern policy' was and then trying to accommodate Japan's stand to it, either by cooperating with it or else by trying to avoid what they felt to be its evil consequences. This I feel is an entirely wrong approach."

From his observations Reischauer distilled an analysis of what led to misunderstanding between Washington and Tokyo. Reischauer felt that Japan and the United States would never really understand each other until they could talk to each other freely about their basically similar interests in non-Communist Asia. It was not the degree of Japanese support for American foreign policy positions that counted, but whether or not Japan saw where its own national interests lay.

Through his old Harvard friend, McGeorge Bundy, Reischauer reported his findings to the White House. They formed a consistent argument with which Washington soon became familiar. By means of his reports he hoped to mend both sides of the "broken dialogue" (a phrase actually invented by Bundy, although often ascribed to Reischauer because it was the title of a celebrated article under the latter's signature in Foreign Affairs).

The magnitude of the task has been understated by Reischauer, whose words have necessarily been moderated by his official position. When Reischauer points to postwar Japan's isolation during the buildup of its economic strength, he is telling only half the story. The other half is that Japan has not been blessed with naturally gifted leaders of public opinion as have the European countries—men who could formulate long-term policies for their country. Ever since Shigeru Yoshida stepped down from the premiership in 1954 Japan has been governed by men more concerned with factional precedence than long-term goals, more interested in their party standing than in the support of the voters to back them on great and complex public issues.

Prime Minister Yoshida could argue for hours with John Foster Dulles that there would be no major war in Asia for a decade and tell him bluntly Japan would not cede to American pressure on Japan to raise a large standing army because the rehabilitation of the economy had to come first. But in the disastrous summer of 1960 Nobusuke Kishi chose to try to handle the security treaty revision issue with no more public explanation of this key commitment of Japan's future than he would have thought of according a bill for road improvements in his home constituency.

This is one reason so many Americans have until very recently been perplexed about the seeming lack of any Japanese foreign policy which they might take with a grain of encouragement rather than with a grain of salt.

The Vietnam war has raised anew the possibility of a crisis in understanding between Japan and the United States. This is not so much due to the likelihood of Washington putting pressures on Japan which risk boomeranging against the United States as it is due to the simple fact that while much is said about Japanese public opinion (which is automatically assumed to be against the war) little has ever been done by the Japanese government to lead public opinion. Consequently, Japan the ally stands accused in the United States of shirking its share of an international responsibility while in Japan itself the impression has got about that the government is being dragged willy-nilly into a dangerous venture for which the United States is largely if not, wholly responsible.

Nothing could be further removed from Reischauer's sincere hopes that the new Japan will develop its independent foreign policy as it sees fit. Hence, the need for a dialogue between the two countries has increased rather than decreased.

Indications are that it's going to be a long war and the American embassy in Tokyo is going to find living with it uncomfortable. Many of the arguments employed by American officials at home to justify perserverance in the struggle cannot be employed to any effect in Japan. The Japanese, for instance, say they have no sympathy with the Domino Theory of communist expansion. Popular opinion regards the theory as applying only to the underdeveloped countries of Southeast Asia that have little or no experience of democratic government and Japanese officials rest secure in the fond hope that trade solves all hostile feelings.

The men in the foreign office may nod dutifully when presented with American arguments for a Japanese commitment of support for the United States in Vietnam, but the men who count—the men with their hands on the purse strings of the party and government—have their own ideas about Japan's future.

For there is a larger perspective than Vietnam in Japan-U.S. relations. Let there be no doubt about it: Japan fully expects, and is even now making preparations, to play the role of a major power in Asia. Its gross national product already has overtaken that of mainland China, and as long as the raw materials keep flowing into its home islands this economic output will keep on growing. The statesmen of Southeast Asia are turning more and more toward Japan and the Japanese are quietly but effectively encouraging a growing tendency to think in terms of a regional Asian community.

The implications of this for the United States may be as great as were the implications of the Afro-Asian conference at Bandung in 1955, a grouping formed originally under the tutelage of Peking's Chou En-lai and since fallen into disrepair. If in the next few years the Japanese produce a statesman of Chou's stature, then the United States will have reason indeed to be thankful for the bridge-building of 1961–66.

For the moment, however, Japan has no statesman of world stature. Its course of independence in foreign affairs is charted by bureau chiefs who labor unheralded and unrecognized. The lack is painfully evident. President Kennedy could discuss Laos in complete confidence with Prime Minister

Harold MacMillan and President Johnson can pick up the telephone and consult with Harold Wilson on the carefully calculated escalation in Vietnam. No such easy-going relationship prevails across the Pacific.

Reischauer sought to guide Japan by educating the men who run its government and form its opinions. He largely succeeded. The educational process has been harmonious, except for one tense period last summer when the powerful Japanese press briefly showed signs of pursuing the same irrational inflammatory tangent on Vietnam that it had pursued five years earlier with respect to the security treaty.

It is small wonder, therefore, that many Japanese from all walks of life see Reischauer tuck the Asahi Shimbun newspaper under his arm and leave the embassy residence for the last time with much the same emotion as a college class takes leave of a professor who has won their respect and admiration. Reischauer, the last of the Harvard group of Bundy and John Kenneth Galbraith, is leaving his official position.

What approach Reischauer's successor, U. Alexis Johnson, takes with the Japanese remains to be seen. A professional diplomat with first-hand experience in Saigon, Johnson comes to Japan at a time when sensitivity to the Vietnam conflict is so high that a projected visit by Premier Nguyen Cao Ky last spring had to be discouraged. An opener of the Sino-American ambassadorial-level talks in 1955, Johnson will find the Japanese view of Communist China radically different from his own interpretation. Under Reischauer these differences of viewpoint were never allowed to become focal issues in Japan-U.S. relations. Even Japan's trade with Communist China and North Vietnam never become a cause celebre. Perhaps Johnson's wisest course will be to recommend that the State Department leave well enough alone.

Johnson's success as ambassador will also depend on how closely he keeps Washington informed about the trend of Japanese feeling about sensitive issues like American military bases in Japan and especially the American military occupation of Okinawa. The continuance of these irritants may serve the immediate needs of the United States. But what about American long-term interests? Judgments on these matters will be the test of Johnson's ambassadorship.

Johnson inherits an expanded perspective in Japanese-American relations. For Reischauer not only restored the broken dialogue between the two countries, he elevated it to a level of intellectual discourse rare in modern diplomacy.

[From the U.S. News & World Report, Aug. 8, 1966]

THE MIRACLE OF JAPAN—WHERE IS IT HEADED NOW?—INTERVIEW WITH RETIRING U.S. AMBASSADOR TO TOKYO

(NOTE.—Where does Japan stand now, two decades after crushing defeat—and where is she headed?

(In this interview the retiring U.S. Ambassador, Edwin O. Reischauer, tells the story of an amazing comeback, and the explanation for it.

(Mr. Reischauer was interviewed in Tokyo by K. M. Chrysler of the International Staff of "U.S. News & World Report." The interview took place as the American official was winding up five years as head of the U.S. Embassy in Japan.)

(At Tokyo)

Question. Ambassador Reischauer, is today's Japan the story of a miracle?

Answer. Well, I don't believe in miracles. But Japan's is a remarkable story of great achievements in the last 20 years.

Question. What sorts of achievements?

Answer. Complete reconstruction of the terrible war damages, and then, on top of that, a tremendous surge forward toward further modernization and economic growth.

Question. Do you think American aid was much of a factor in the country's revival?

Answer. In the early days, American aid was certainly a help in getting Japan going again, just as the Marshall Plan was important to Europe immediately after the war. And, on the whole, I believe the U.S. occupation policies were wise; our record was good. But when you have finished mentioning those two things, you have explained only a small part of the total.

The main thing is the character of the Japanese people. First of all, their great capacity for hard work. Second, the high level of technical skill that already existed in Japan before the war. Third, a thorough understanding of the importance of knowledge and a desire to get as much education as possible—a yearning for learning. And, finally, great skill in social organization. By this I mean being able to operate Government institutions smoothly, organize giant industrial complexes, and so on.

This is an unbeatable combination, and Japan has had it since the middle of the nineteenth century. The great speed with which Japan modernized can be explained primarily by these characteristics, and they are the fundamental reasons for this country's success after the second World War.

Question. What standard of living has Japan reached, compared with the United States, or with other countries in Asia?

Answer. It's a good rule of thumb to assume that a Japanese worker or industrialist, college professor or merchant gets about one-fifth or one-fourth the income of his counterpart in the U.S. Compared with Communist China, India and the rest of Asia, it would vary from about 5 to 1 in Japan's favor to 10 or more to 1.

Question. Is your basic yardstick per capita income?

Answer. Yes, you can't do it any other way. But perhaps more important than absolute statistics are the relative ones. I can remember 10 or 15 years ago when I was telling people Japanese incomes were one-tenth those in the United States. The fact that within a few years they have moved up from one-tenth to one-fifth is the really important thing.

Question. Can Japan ever hope to enjoy the same standard of living as the U.S.?

Answer. With the much poorer natural base here and the much greater crowding on a small piece of land, it's hard to see the Japanese catching up with us completely, but they are certainly getting closer all the time.

Maybe the most interesting comparisons would be with Europe. While the Japanese standard of living is not equal to Northwest Europe as yet, it certainly has caught up with Southern Europe, and has probably passed much of Eastern Europe and the Soviet Union.

Question. Has the lack of a heavy defense burden made it easier for the Japanese?

Answer. Obviously, the fact that we have carried the largest part of the load for the defense of Japan and stability in the Far East all these years has allowed Japan to put only a little over 1 per cent of its gross national product directly into its own defense, only a quarter or a fifth of the rate of defense expenditures of most other advanced countries.

This is a partial explanation of the rapid postwar growth here. But the real lesson to be learned from Japan's postwar experience is that the wealth of a nation depends much less on natural resources than it does on human qualities. Such things as energy, skill, knowledge and organizational ability outweigh the natural-resources element many times over. There's no comparison between the two.

Question. Are there other lessons, too?

Answer. Yes. Japan is one of the best demonstrations of the advantages of a mixed economy, that is, an economy which, despite the need in industrialized societies for various types of Government controls, leaves as much room as possible for individual initiative.

Japan has shown that this kind of economy has a much greater potential for rapid growth than a completely planned economy. Japan has set the pace for the world in the postwar years, letting Government give coordination and aid where necessary, but leaving the basic economic development up to private enterprise.

Question. Many people maintain that Japan is the best living example of a Government-controlled economy——

Answer. The Japanese obviously have closer integration between Government and business than we have in the U.S., but probably no more than in some of the countries of Northwestern Europe, which have mixed economies, too.

There is ample room for private initiative in Japan, on both a big and small scale. This is the fundamental reason for Japan's success, in the past as well as today.

Japan's nineteenth-century history has been misread by a number of people who attributed its growth to a Government-planned economy. That was not the reason. The Government pioneered in a few difficult fields, and it provided social stability, a stable currency and a favorable environment for economic growth, but the chief push came from individual enterprise.

Question. Where do Japan's greatest opportunities for future trade expansion now lie?

Answer. It's a truism that advanced nations do more trade with each other than with anybody else, so I imagine the largest area for future Japanese trade will remain with the other advanced nations. The big role that America plays in Japanese exports and imports will probably continue without any diminution. And I would expect substantial growth in Japan's trade with Western Europe, which seems to me abnormally low at present.

Much of Japan's trade, however, is with the less developed parts of the world. Southeast Asia and other areas like it take close to 50 per cent of Japan's trade.

It could be that, as these countries become more stable and prosperous, they will come to account for an even larger proportion of Japan's total trade. But I don't see any one area suddenly expanding and becoming dominant. Certainly not Communist China, which simply does not have the economic potential. Historically, it has never been a particularly big Japanese trading partner, except for the rather special period when Japan was trying to build an empire in China and was making huge investments in Manchuria and trying to get back as much as she could from this investment.

This emphasis on China at that time was largely for strategic reasons and was not the product of natural economic forces.

Question. Would you say then that the gap between Japan and other advanced countries will narrow, while that between Japan and its neighbors widens?

Answer. There isn't much gap left with the advanced nations. Japan has already caught up in per capita income to the lower fringe of them, and will probably push up further in standing. In gross terms, Japan is now the sixth-largest economic unit in the world, and in the next decade may well pass the U.K., France and West Germany to become the third after the United States and the Soviet Union.

At the same time, Japan is undoubtedly drawing farther and farther away from the less developed countries. But this is a worldwide phenomenon. Almost all the advanced nations are growing faster than most of the

less developed ones. This is the great tragedy and problem of our times.

Question. Is Japan now at a point where her role in Asia will expand?

Answer. It is expanding rapidly, right now. For almost 20 years, Japan played only a small role in Asia or anywhere else. This was, first of all, because of its defeat and the serious economic problems it faced at the end of the war. The psychological damages of the war lasted even longer than the physical damage. As a result, Japan's role until the early 1960s was much smaller than would be normal for a country of its size and importance. Now she is in the process of transition to what would be a much more natural role.

Question. What is that?

Answer. A role as the great economic and political power in this whole part of the world. I feel quite strongly that, in the long run, Japan will probably do more to affect the future of Asia than China. China's influence is negative and recognized as such by everybody, whereas the positive role Japan can play is not so widely understood as yet. But for the last year or so, Japan has been showing signs of getting ready to assume a new position of leadership.

I do not envisage this as an attempt to re-create through political domination a "Greater East Asian Co-Prosperity Sphere." But within the economic field, Japan is likely to play a major role in the Far Eastern area and perhaps more widely. She is capable of giving a great deal of economic aid and technological assistance, and she has already become the biggest trading partner of many of the countries of Southeast Asia.

Question. Is Japan likely to become a force for stability in this part of the world?

Answer. The only reason Japan can take on a larger role is because she is becoming more stable herself all the time. There is much argument and debate in Japan these days over her role in the world, but the fact that this is being debated so fully and freely indicates considerable progress over a few years ago when this subject was avoided as being too embarrassing.

Today, Japan is not only a stable economic and social unit, but extraordinarily stable politically. This is clear if one looks back over past elections and at what the real political life of this country has been.

JAPAN'S "REAL DEMOCRACY"

Question. Is there democracy here?

Answer. I would call Japan one of the real working examples of democracy. Because of a more shallow history of democracy, going back less than a century, its democracy is not as deeply rooted as in the English-speaking countries and parts of Northwestern Europe. But, next to those areas, Japan has perhaps as well-established and firm a democracy as any in the world. Therefore, being fundamentally stable herself and holding the concept of a peaceful, free and stable world as its ideal, Japan's contribution will be toward greater world stability.

Question. Do you look for Japan to take more initiative in political affairs?

Answer. With aid programs and other activities, Japan is now beginning to exert considerable economic influence. The political side will probably follow in time. The Japanese are still extremely cautious about such matters. There are still deep resentments of the Japanese in many parts of the Far East because of memories of the last war. Consequently, there's a tendency to hold back and be cautious. So I don't mean to suggest that Japan will move swiftly into a position of political leadership. But, thinking in terms of a five or 10-year period, I feel certain that Japan will exercise great influence—and in the right direction.

LEADERSHIP IN ASIA

Question. Do you foresee Japan's assuming some of the U.S. burden out here?

Answer. A country of this size and importance, located in this part of the world, will inevitably take over some of the leadership responsibilities we have in the past exercised almost alone, because others were not prepared to share the burden.

The past situation of almost exclusive U.S. leadership was an unnatural one, and it would seem inevitable that, while our economic and political responsibilities may not diminish, Japan will come to assume similar responsibilities.

Question. With our blessing?

Answer. This is the kind of world we believe in—co-operation between different countries. We'd be delighted to see Japan take more leadership and assume the responsibilities that go with it.

Question. Lately, the Japanese seem to be showing more interest in Vietnam—

Answer. I'm not sure you can describe it as "more" interest. Certainly, in 1965, there was tremendous interest—deep concern and great worry. In 1966, there has been some calming down of the excitement over Vietnam, and this perhaps has given the Japanese a chance to look at the problem as a whole in better perspective. Their interest may be a more soundly based interest, but it certainly is no greater than last year.

Question. Is there more understanding of United States policies in Vietnam?

Answer. The Japanese public, I believe, tends to be critical of U.S. policies. On the other hand, the Japanese are not as prone to all-out condemnation of the U.S. as they were last year. There is a greater realization that Vietnam is a very complex problem with no easy solutions. Therefore, there may be greater sympathy for us and more understanding now than there was last year of the difficulties we face in Vietnam.

Question. There has been considerable debate here in recent months about nuclear arms. Are the Japanese still content to look to the U.S. for defense against nuclear attack?

Answer. One of the most spectacular changes here in the last six or eight months has been the sudden upsurge in discussion of Japan's defense problems. In this connection, the Japanese are talking about the nuclear issue in public for the first time since the war.

As people become conscious of the problems of defense, one natural reaction is to desire an entirely independent defense position, so there are even people who suggest that Japan should take on its own nuclear defense. My own feeling is that this is not very realistic. I would assume that Japan will continue to look to us for nuclear defense.

Question. Indefinitely?

Answer. Well, I think the situation is comparable to that of most of our leading allies in Europe who look to us, perhaps indefinitely, for the same kind of defense.

Question. There are reports that Japan is hoping and planning to assume most of its own defense by the mid-'70s, preparing to bid the U.S. adieu militarily by 1980—

Answer. If there weren't some Japanese thinking this way, I would be surprised. But, I think, when they come to study the problem fully, they will probably find it is not to their advantage to do it that way.

Question. Are conventional Japanese defenses being increased?

Answer. Expansion to date has been very slow. Increases in the defense budget hardly more than accommodate rises in wages and prices.

The Japanese may decide to put more effort into defense, but nothing has actually been decided yet. And you must remember that even a doubling of Japan's defense expenditures would not get her beyond 2.5 per cent of gross national product, which would be only about half what most countries of this size spend.

Another factor to remember is that Japan is in a particularly isolated geographic position. She is the only great industrial nation in this part of the world and is not surrounded by other like-minded nations. This means that, unlike France, she does not automatically have the defense provided by the presence of other strong, industrialized nations around her.

Question. Pacifism has been preached hard in postwar Japan. Is the feeling as strong as they would have everyone believe?

Answer. When you say "they," you're talking about 100 million people with many diverse attitudes. There are many dedicated pacifists in Japan and a lot more people who just vaguely feel they hate war and don't want to spend money for defense, but who haven't really thought the thing through clearly.

I suspect the pacifist tendency will remain strong among a large part of the Japanese public for some time into the future. This is one reason why an all-out effort to take on all of their defense load alone is not very probable.

I believe that the Japanese, like many other people elsewhere in the world, will come to the conclusion that colective security is the only way for Japan to achieve real security.

In that case, they may also decide that a strong program of Japanese economic aid to less developed countries would be a better way for Japan to utilize its wealth than by spending very heavily on arms. This might prove better not only for Japan, but for the free world collectively.

FUTURE OF OKINAWA

Question. Still talking about defense: Do you sense much support in Japan for getting the U.S. out of Okinawa?

Answer. A recent public-opinion poll shows the return of Okinawa and the Bonin Islands as ranking next to nuclear proliferation as a problem the public wishes the Government to take up more actively.

While Okinawa is not necessarily on the minds of most people most of the time, it is something on which Japanese, left or right, can agree. Twenty-one years after the war, they are unhappy to see close to a million Japanese still not living under Japanese administration.

Question. Does the U.S. have any timetable for returning Okinawa to Japan?

Answer. No, there's no timetable. We've always said that we look forward to the return and hope it can be soon. But security considerations come first, including those of Japan itself, as well as the U.S. and the whole of the Far East.

Question. Are the Japanese likely to seek the return of any other areas that they were forced to give up at the end of the war?

Answer. Okinawa, the Bonins and the Kurile Islands are the ones in their minds. The pressure for the return of the southern part of the Kurile Islands is strong, and Japan's historical case is extremely good. But, however good the case is, the Russians have not shown any willingness to meet the demands of Japan.

Otherwise, Japan makes no territorial claims. The mandated islands of the Pacific, and Sakhalin, to say nothing of Korea and Taiwan, have been wiped completely out of their minds, as far as I can see.

Question. What is the probable future relationship of Japan and mainland China?

Answer. We all hope that someday Communist China will want to be a normal member of the society of nations, having contacts with the outside world at least as friendly as those of the Soviet Union and Eastern Europe. Eventually, I presume, that is the kind of relationship Japan will want to establish with the mainland. However, I don't see any rapid motion in that direction, because the Chinese Communists insist that they will deal only with countries

that support them in their effort to take over Taiwan, against the wishes of the people who live there. The Japanese, like us, value their relations with the Republic of China on Taiwan too much to accept these conditions.

The Japanese have a deep interest in Taiwan. They do a great deal of trade with it. They are proud of their record there in colonial days and are pleased that the native Taiwanese are friendly toward them. At present, Japan cannot achieve any substantial improvement in relations with Communist China without cutting off relations with Taiwan, and that is a price which they are not willing to pay.

Question. What does Communist China's possession of nuclear bombs mean to Japan?

Answer. I think it poses psychological problems. It's probably one of the main reasons why there has recently been such a heated, vigorous debate in Japan over defense matters.

But I personally find it hard to imagine China's developing a nuclear capacity to the point where it would really be a threat to a Japan which had a strong defense partnership with the United States. I don't think it poses a problem as long as there is a strong tie with a real nuclear power like ourselves.

Question. Is fear of China now replacing the feeling of a common heritage, traditionally held by so many Japanese?

Answer. Actually, the common-heritage feeling is strongest among old people. Younger Japanese feel the kinship and identity of culture much less, because there really isn't much identity. The Japanese and Chinese political and social systems have differed radically from each other for more than a thousand years. The divergence in the last hundred years, and particularly the past 20 years, has been more and more rapid.

As they move into the modern world, purely twentieth-century things become a bigger part of Japanese culture, and traditional elements shared with China, such as Chinese characters, Confucian philosophy and a classic, historical tradition, become a smaller part of the total. Just as, let's say, the modern Russian who shares our Judeo-Greek heritage finds little bond with us through that as compared with the divergence between twentieth-century American and Russian social and political patterns.

Question. Is there some special reason why the Japanese, as a people on a small island, are more successful than other Asian nations in ordering their affairs?

Answer. That's a dangerous question to ask a historian.

The question why Japan, some centuries ago, began to diverge from most other Asian patterns has always fascinated me. I dare say the isolation of an island environment had a lot to do with it. Probably the first key step was that, in this isolation, the Japanese developed a full feudal type of organization much like that of feudal Western Europe and quite different from what existed in any other Asian country. This, in turn, produced psychological, social and organizational characteristics more like those of Europe than Asia.

This divergence from the more normal Asian patterns is a deep thing reaching far back into the past.

It has been strengthened recently, of course, by a century of technological modernization. Japan has become a part of the modern world, while most of Asia has not. What were already sharp distinctions 100 years ago have become even sharper. Take, for example, the extraordinarily high rate of Japanese literacy. In the middle of the nineteenth century, before modernization had started, literacy may have been as high as 35 per cent, including women—higher than in many Asian countries even today. Now, of course, it is virtually 100 per cent.

Question. Is there anything in Japan's experience to suggest that China might thrive, despite an immense population, if it followed different policies?

Answer. I've always assumed that the Chinese, the Koreans and possibly the Vietnamese, who share a good deal culturally with the Japanese in the sense that they are hard-working and put a high value on education, could make more rapid progress than peoples whose cultures have not put the same store by such things.

Having said that, though, I have to admit that the Chinese are starting far behind where the Japanese started. There's a gap of centuries, and, unfortunately, the Chinese are utilizing a totalitarian method of modernization which, but cutting down seriously on individual initiative, hinders rather than speeds up growth.

DOUBTS ABOUT RED CHINA

Question. How do the Japanese size up the future of China?

Answer. There are different opinions, of course, all the way from the romantic view of the old-fashioned admirers of China who think of China as still the land of Confucius, to those who have complete faith in Communist techniques. I think, however, that there is a growing skepticism in Japan about Chinese ability to make very rapid economic progress.

Question. What will happen if mainland China continues under Communist leadership?

Answer. Most Japanese seem to feel that, since the Japanese will have the vast population of China as relatively close neighbors throughout history, they should learn to live with them as amicably as possible. But how this is to be done remains a problem for them as it is for everyone else.

Question. Are the Japanese convinced the Communists will always rule China?

Answer. Always is a long time. But I should say that most Japanese assume the the Communists will go on ruling for the foreseeable future.

They see no reason to expect otherwise.

Mr. CARLSON. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. CARLSON. I wish to associate myself with the remarks just made by the distinguished majority leader in regard to Ambassador Reischauer. His service on behalf of the United States in Japan has brought not only close cooperation between the two countries but has also greatly strengthened the economic programs between them.

Today, Japan is one of the outstanding nations in the world with respect to markets, not only export markets but also import markets. The agricultural and industrial trade between our countries is expanding every year. Our relations with Japan have been most friendly.

Ambassador Reischauer is entitled to great credit for his valuable contribution to those good relations. It is to be regretted very much that he is leaving Japan, but I am pleased to note that the Ambassador who will succeed him, Alexis Johnson, is also a distinguished career public servant, and I have every reason to believe that he will carry on the fine work which has been started by Ambassador Reischauer.

Mr. PROXMIRE. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. PROXMIRE. I would also like to associate myself with the remarks of the distinguished majority leader regarding Ambassador Reischauer. He is a great Ambassador, as all Senators know. For many reasons he came close to being the first American to bring Japan and the United States together after World War II. He speaks their language with complete fluency. He knows their culture. He has lived in Japan for a great deal of his life. He has become clearly and sympathetically identified with the Japanese while vigorously and successfully representing American interests.

However, what I rise to say is that it is good to have a man who has succeeded as brilliantly as Ambassador Reischauer in Government and who can return to the profession he so graces. He has not only been an outstanding Ambassador, but also a great teacher.

This Nation urgently needs great teachers and great professors. He made a brilliant record at Harvard University as a professor, and I am sure that he will have an equally great future and will contribute enormously to the welfare of his country in his capacity as a teacher.

Mr. KUCHEL. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. KUCHEL. What a truly remarkable tribute to an American statesman. Surely, Ambassador Reischauer must be just that.

I can recall on the Senate floor, sometime ago, when tributes were being paid to him by the majority leader, the Senator from Kansas, the Senator from Wisconsin, and from our side of the aisle also, by the dean of our Republican delegation, the fine and distinguished Senator from Vermont [Mr. AIKEN] and many other Senators who have known Ambassador Reischauer personally, and who have spoken out so warmly in praise of the many successful official activities in which he has engaged as a representative of the American people to the great and gallant nation of Japan.

Some of us do not have the pleasure of knowing Ambassador Reischauer personally, but as we have read of his accomplishments, as we have heard with growing interest and admiration of the manner in which, as an American, he was able to strengthen the bonds between the Government of Japan and the people of Japan and the Government and the people of this country, it has deeply moved all of us to know that here we have an excellent fellow citizen, a skillful and intelligent and compassionate representative of the people of the United States, giving a portion of his time to the advancement of peaceful relations between our country and the people of Japan. I must add that I regret that he feels compelled to leave the public service.

I merely wanted to say that I am happy to associate myself with the remarks that have been made.

Mr. MANSFIELD. Mr. President, I wish to express my appreciation to my colleagues on both sides of the aisle for what they have had to say about our retiring Ambassador to Japan. It is unfortunate that we are losing his services. I understand he is returning to this country a week from tomorrow. I hope his great talents and ability will be made available to the Government in the years ahead, because he can give us much in

the way of advice and counsel. We regret his resignation.

Mr. President, this does not happen often on the Senate floor. To the best of my knowledge, in my 14 years in the Senate, this is the only occasion on which an ambassador has been singled out for commendation on both sides of the aisle, on a number of occasions, as has been the case with respect to Ambassador Reischauer.

I want to reiterate that when Ambassador Reischauer came back to see the President some weeks ago, at the President's request, he was asked to stay on in Government. He was offered several high positions in the Department of State. But Ambassador Reischauer and his gracious wife, who is of Japanese descent, and who has been a tower of strength in bringing about better relations between our two countries, felt we had reached a very satisfactory plateau in American-Japanese relations.

We will miss them. We hope their talents will continue to be of benefit to our country in the difficult years that lie ahead.

AUTOMOBILE FUME CURBS CALLED A SUCCESS

Mr. KUCHEL. Mr. President, the problem of air pollution is, of course, national, perhaps international, in scope, but it has been a vexation in the State from which I come for a long, long time. We call it smog.

The government of the State of California has taken a lead in antiair pollution legislation which has largely served as a model for what the Federal Government has done in this field.

Mr. Gladwin Hill, a distinguished California correspondent for the New York Times, has written an interesting article in the New York Times today, entitled "Auto Fume Curbs Called A Success—California Rules Will Apply to All States Next Year."

I ask unanimous consent that the text of the article be incorporated at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York (N.Y.) Times, Aug. 11, 1966]

AUTO FUME CURBS CALLED A SUCCESS—CALIFORNIA RULES WILL APPLY TO ALL STATES NEXT YEAR

(By Gladwin Hill)

LOS ANGELES, August 10.—For the last year, California has provided a large-scale test of the antismog equipment that will be required on new cars throughout the country starting with 1968 models.

Today, engineers of the State Motor Vehicle Pollution Control Board reported that the experience with 800,000 of this year's models had been an almost unqualified success.

Exhaust controls and devices to suppress crankcase fumes, the engineers said, have generally operated effectively to reduce by 70 per cent the total of the principal obnoxious gases being discharged into the air.

The California law that made the equipment mandatory this year was the model for Federal regulations that go into effect in late 1967.

The law requires that cars emit no more than 275 parts in a million of unburned hydrocarbons and no more than 1.5 per cent of carbon monoxide.

The board's report, made public today, set the stage for these new steps toward reducing vehicular air pollution:

Two automobile companies, Ford and American Motors, announced they would introduce improved exhaust controls on some 1967 models. This promises some saving to car buyers.

The pollution control board took an initial step toward controlling a whole new family of automobile fumes, the oxides of nitrogen, which form brownish clouds and which at present are subject to no controls.

Like previous control criteria for hydrocarbons and carbon monoxides, the nitrogen oxide controls are expected to become a nationwide requirement eventually.

The board formally adopted a limit for nitrogen oxide emissions of 350 parts in a million. Most cars exceed this now by three or four times. The limitation will become legally effective only when manufacturers come up with equipment that can control these gases. Research is now in its early stages.

THE 1966 REQUIREMENTS

To control hydrocarbon and monoxide emissions, 1966 cars made for sale in California have to have tubes for ducting crankcase fumes back into the combustion chambers and arrangements for consuming excess exhaust gases.

The latter equipment was of two types. Most of the major companies adopted small air-injection pumps that caused exhaust gases to be burned as they emerged from engine combustion chambers.

Chrysler revamped its engine, carburetor and spark adjustments to improve the engines' normal combustion.

The Ford Motor Company got approval today for its own version of the Chrysler arrangement, called "Imco" (for Improved combustion). It will be put on all automatic-transmission Mercurys made for California with the new large 410-cubic inch engine—some 6,000 cars.

American Motors got approval for a similar system called "engine-mod," involving "a completely new engine designed with emissions as a basic criterion." This will be installed on 12,000 to 16,000 Ramblers and Ambassadors for California.

COST IS ABOUT $50

The current exhaust-control systems cost car buyers around $50 extra. For the 800,000 cars sold in California this year that aggregated $40-million Control Board officials and company spokesmen said improved combustion engines would entail a smaller extra expense, although specifics are not yet available because they depend on quality-production costs.

The assessment of 1966 control equipment performance was based on surveys of automobile dealers, garages, and motorists, and on exhaustive performance tests of 404 cars selected at random after they have been in ordinary use for various periods.

The sampling admittedly was an undesirably small one for 800,000 cars. But the engineers said it was the best they could do with current test facilities and equipment and in the absence of compulsory periodic inspection, which has not yet been enacted.

In Los Angeles, which has one of the world's worst smog problems, automobile fumes are held responsible for upward of 80 per cent of 14,225 tons daily of atmospheric contaminants.

WAGE-PRICE GUIDEPOSTS SHOULD BE FLEXIBLE

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may be permitted to proceed for 10 minutes.

The PRESIDING OFFICER (Mr. BYRD of Virginia in the chair). Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, it is time for a strong and emphatic affirmation of support for the President's wage-price guideposts.

With all their faults—and their faults are evident and conspicuous—they have served the economy well—I might say brilliantly—since 1961, when they were first conceived.

In the 5 years immediately preceding the use of this voluntary system of keeping wages in line with productivity increases, in order to restrain price increases—in the 5 years before this policy—prices rose by 10½ percent, although the economy was declining, unemployment was increasing, and capacity was increasingly available. The classical economic analysis would have indicated that prices should decrease, but prices rose by 10½ percent.

Now, what happened since the Kennedy and Johnson administrations adopted wage-price guidelines? Remember that since 1961 unemployment has fallen, and fallen sharply, production has pressed consistently closer to plant capacity, the economy has been booming, all the conditions that should promote rising prices have been present and increasing.

In spite of this, Mr. President, prices during the past 5½ years since wage-price guidelines were instituted have not risen 10½ percent, or 10 percent, or 9 percent, but only 8½ percent.

This is not only by far the best price performance of any industrial country in the world; it is a much better price record than this country enjoyed in the 5 years before the wage-price principle was put into effect in 1961.

Now, Mr. President, how can we account for the far better price performance of the economy since 1961, when there was every economic reason to expect that prices would rise more rapidly?

How can we explain the fact that prices rose 10½ percent between 1955 and 1960, but only 8½ percent in the 5½ years since since then?

Mr. President, I challenge any Senator to dispute my contention that the difference—the only significant and conspicuous difference—is that since 1961 the President of the United States has vigorously administered the voluntary wage-price guidelines.

This is why I say the wage-price guidelines have served the country well—in fact, brilliantly. They deserve to be saved.

And yet, Mr. President, these guidelines are in trouble, serious trouble, because they have been misunderstood.

They are criticized on the grounds that they are inconsistently applied, that some wages have been permitted to go up above the guidelines. Some prices have increased.

The guideposts were never meant to be inronclad rules. It is important to recall their original intent and to form a realistic conception of their past and prospective usefulness.

The guideposts raise two central questions:

First. Is it possible to agree upon a concept of wage-price guidelines and a framework for their use by government which would be useful in promoting an anti-inflationary, full employment situation, consistent with the evolution of our economy and system of government?

Second. If some form of wage-price guidelines can be useful and consistent with American values, can it be put into practice, and if so, is the present procedure an optimal one?

THE PROBLEM

A principal threat to price stability during the postwar period has been the possibility of "cost-push" inflation, where large firms and large unions exercise discretionary pricing power. The cost-push explanation is advanced as one of the principal reasons for the substantial price rise in 1957 and 1958. This type of inflation is sometimes distinguished from "classical"—sometimes called "demand-pull"—inflation where the monetary demand for goods and services presses heavily upon the available supply. But in practice, the two types of pressures tend to be reinforcing.

As the economy moves toward fuller employment of its resources, the achievement of overall price stability becomes increasingly more difficult. Resources shortages—bottlenecks—appear in more and larger sectors of the economy, causing costs to rise as the expansion progresses. The demands for products tend to increase so that buyers are willing to pay more to get additional goods and services. Under these circumstances, large and powerful groups in the society are tempted to transform temporary market pressure into longrun advantage—since higher wages and prices are seldom rescinded after the pressures on the national economy diminish.

The promotion of maximum employment and consumer purchasing power in a free society requires that prices of American products must not rise faster than those of other nations of the world. In the domestic economy, general price stability must be maintained not only to honor the expectations of the people but to assure the most effective performance of the economy; and relative prices must reflect the scarcity of resources relative to the wants of consumers and to the priorities of national defense.

GUIDEPOSTS STATED

As one of the tools to deal with inflationary pressures, the Council of Economic Advisers in their annual report of 1962 suggested some general guideposts for wage and price changes. The guideposts which have been referred to and elaborated upon in each of their annual reports since state that, in general, the compensation of employees in any particular industry should increase at the same rate as the longrun increase in labor productivity for the Nation as a whole; and that product prices should decrease in industries showing above-average increases in productivity, remain the same if changes in productivity are average, or increase if changes in productivity are below average.

I may point out that, instead of all products having higher prices, there have been decreases in some prices, notably in the appliance industry, where prices have decreased 26 percent during the last 15 years.

Exceptions to the wage guideposts are provided for when higher than average wage increases are needed to attract workers to the industry, where wages are particularly low, or where there are substantial human costs associated with large gains in productivity.

This means that the wages can, consistent with this principle, exceed the precise guideposts and not be inflationary.

On the other hand, exceptions to the price guideposts may be called for when there is a rise in material costs, unit-labor costs, transportation or marketing costs; or the increase is necessary to attract needed capital.

USEFULNESS OF GUIDEPOSTS

I could stress the role which I believe that the guideposts—and when I say "guideposts" I also mean the full statement including the exceptions—have played in the phenomenal performance of the economy since 1961. Let it suffice to say that I think they have been extremely useful tools and skillfully used to preserve relative price stability. They have not been fully effective nor perfect, nor were they ever intended to be the sole consideration at the bargaining table. They have performed an invaluable service in bringing about a fuller realization of the issues, on the part of the public, labor, and management.

I believe that the guideposts are still not only useful, but vital to hold down prices, but it is important to determine what they can and cannot do. Guidelines can focus attention to the public interest and to the general conditions for price stability. The great difficulty is in applying the guideposts or representing the public interest in particular situations. Here it is important to recall the 1962 statement of the Council of Economic Advisers:

> Productivity is a guide rather than a rule for appraising wage and price behavior for several reasons. First, there are a number of problems involved in measuring productivity changes, and a number of alternatives are available. Second, there is nothing immutable in fact or in justice about the distribution of total product between labor and nonlabor incomes. Third, the pattern of wages and prices among industries is and should be responsive to forces other than changes in productivity.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator from Wisconsin may proceed for 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. I thank the majority leader.

In the operation of the guideposts, it is important to keep in mind the framework.

First. This involves a consideration of the longrun growth in demand for the particular product, or in the case of wages—the type of skill.

Second. It involves a recognition that some prices should fall, or in the case of wages—that average real wages in the long run and for the total economy can only rise about in line with productivity.

Third. It involves a recognition that advances in productivity should benefit workers and firms in the industry where it originates, as well as consumers in general in the form of lower prices. Thus, some inducement should be provided to encourage and reward advances in productivity, though the benefit should not be hoarded.

ADJUSTMENT NEEDED

Mr. President, while I agree in general with the method chosen for administration of the guidelines, I should like to say at this point that I think there has been serious error and inequity in one aspect of the way they have been administered.

One major improvement needed in the guidelines is the inclusion of a cost-of-living escalator to help give a more meaningful picture of real advances in prices and wages.

A wage settlement may exceed the 3.2 percent guidelines in terms of percentage increase. But with an expected inflationary increase of 3 percent this year, the real net gain could be far less.

As an example, if we have a 3.2-percent wage increase, and prices increase 3 percent, it virtually wipes out the wage increase, and the real income increase is virtually nil. If this is not taken into account, it means that the total benefit of the price increase goes into higher profits, which is exactly what has happened in our economy in the past 3 years. Profits have risen from $32 billion after taxes in 1963 to $46 billion today—by far the greatest 3-year increase in our history—while wages have not gone up nearly as much.

In the current airlines strike, the 4.3-percent increase unacceptable to the union members would have meant only 1.3 percent gain in real income, far short of the guidelines.

Mr. President, yesterday's lead editorial in the New York Times, entitled "Rebuilding the Guideposts," wisely emphasizes the very great importance of respecting and affirming the wage price guideposts.

It concludes that the "best defense for a stable dollar lies in adequate tax and monetary policies, backed by a wage-price program that recognizes the overall growth of the economy as the only real source of higher standards for owners, workers and consumers."

Mr. President, I ask unanimous consent to have printed in the RECORD the editorial "Rebuilding the Guideposts," published in the New York Times of Wednesday, August 10, 1966.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

REBUILDING THE GUIDEPOSTS

> Every American will benefit if the Administration can reconstitute its toppled wage-price guideposts in a way that will make them an effective anti-inflation tool. The first element in such a reconstitution is a recognition that both firmness and flexibility will have to characterize the application of the new stabilization standards.
>
> President Johnson is right in declaring that the long-term increase of 3.2 per cent

a year in over-all national productivity represents the best measuring rod of the gains to be shared among all elements in the economy. The guideposts were never intended to operate as a straitjacket, under which this limit would apply automatically to every industry. The Administration's goal was a balance that would keep the general price level stable.

One factor that upset this objective was the Government's failure ever to make any meaningful attempt to encourage price cuts in industries in which efficiency went up much more rapidly than the national average. The Council of Economic Advisers had warned from the outset that putting all the fruits of above-average productivity into higher profits would not only shut consumers out of an equitable share in the benefits but would spur union pressure for inflationary pay increases.

A second disruptive factor was the success of unions in construction, trucking and many other fields in forcing through wage increases far above the productivity standard. Thus, the striking airlines mechanics have made a major point of the "unfairness" involved in applying any stabilization yardstick to their wage demands when other unions in less publicized negotiations are getting much more without Government protest.

Obviously, no anti-inflation program can work if the determinant in every labor or management decision is going to be "look what the other guy is getting away with." The expedient currently under consideration in Washington of linking wage gains to the productivity of individual industries will simply aggravate the scramble for special advantage—doubly so, since such productivity figures fluctuate wildly on a year-to-year basis.

The best defense for a stable dollar lies in adequate tax and monetary policies, backed by a wage-price program that recognizes the over-all growth of the economy as the only real source of higher standards for owners, workers and consumers. That is particularly true when more and more Americans tend to fit in all three groups.

Mr. PROXMIRE. Mr. President, the importance of maintaining wage-price guidelines as the central and crucial basis for fighting inflation is evident in a column from Monday's issue of the Wall Street Journal. This column, by George Shea, points out that one price index has declined substantially:

In the midst of concern—or in some cases jubilation—over commodity price advances, one price index has declined substantially in recent weeks. It is a composite of 13 raw industrial commodities.

It reached its high for this year, and indeed for the whole period of 15 years since the Korean War, in March, when it averaged 123.5% of its 1957–59 level and for a few days during that month got close to 125. Then it declined in April and May, held steady in June and July around 119 and since then has fallen below 115, approximately its level of a year ago.

This action differs completely from the movements of other price indexes compiled by the Government, which are at or near record highs and are up quite sharply from a year ago. Most of them also have risen appreciably since March.

The article continues:

One important factor in the difference between behaviors of the two compilations is that the raw industrial index reflects a minimum of labor cost. This leaves it free to fluctuate widely in response to changes in demand and supply.

In other words, this index has indicated that demand in relation to supply has now moderated. What is holding up prices is the actual or potential increase in labor costs; plus the bargaining power of big corporations in many of our major industries.

So the indication is that demand in relation to supply may be easing. That would indicate we could have inflation. If we have it, it is because we have, unfortunately, abandoned the wage-price guideposts which have well served this country.

Mr. President, I ask unanimous consent to have printed in the RECORD the article to which I have referred, entitled "Appraisal of Current Trends in Business and Finance," written by George Shea, and printed in the Wall Street Journal of Monday, August 8, 1966.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

APPRAISAL OF CURRENT TRENDS IN BUSINESS AND FINANCE

In the midst of concern—or in some cases jubilation—over commodity price advances, one price index has declined substantially in recent weeks. It is a composite of 13 raw industrial commodities.

It reached its high for this year, and indeed for the whole period of 15 years since the Korean War, in March, when it averaged 123.5% of its 1957–59 level and for a few days during that month got close to 125. Then it declined in April and May, held steady in June and July around 119 and since then has fallen below 115, approximately its level of a year ago.

This action differs completely from the movements of other price indexes compiled by the Government, which are at or near record highs and are up quite sharply from a year ago. Most of them also have risen appreciably since March.

The general wholesale price index, as reported elsewhere in this paper today, is down a tiny fraction in the latest week because of some decline in wholesale food prices, but is higher than a year ago or in March. Among its sub-groups, foods have remained approximately steady at or close to highs since winter, while industrial sub-groups at various stages of processing have crept up almost every month in the past year or so.

The same thing is true of consumer prices. Foods, which rose sharply from early 1965 to early 1966, have since then remained about steady, and commodities other than food have continued to make new highs month after month. Costs of services have maintained strongly their inexorable upward pace.

In order to seek the significance of the five-month contrary action of the index of raw industrials it is necessary to examine how it differs in make-up from the general wholesale index or its sub-groups. Its principal characteristic is that it is designed to reflect or even anticipate changes in economic conditions.

The index of 13 raw industrials is a subgroup of an index of 22 commodities, the other nine being foods. All 22, according to the Bureau of Labor Statistics of the U.S. Department of Labor, which compiles the index, are "sensitive basic commodities whose markets are presumed to be among the first to be influenced by actual or anticipated changes in economic conditions." It adds that they are "either raw materials or products close to the initial production stage which are traded through organized markets or through other markets whose activities are recorded in trade or Government publications. Highly fabricated commodities whose prices reflect relatively large fixed costs are not included."

This index differs from the general wholesale price index and its sub-groups in that it includes a far smaller number of commodites (the overall wholesale index covers 2,200), and in that it is not weighted; commodities in the general index are weighted according to the value of their shipments.

How differently the raw industrial index behaves in economic swings is illustrated by what happened in the Korean War and in the 1957–58 business recession. From 1950 to 1951 the raw industrial index rose from 119.5 (on the 1957–59 base) to 151.7, a gain of 27%. Furthermore, those are yearly averages and the extreme fluctuations from the lowest month's figure to the highest were much greater. The general wholesale index, by contrast, rose for those two years from 86.8 to 96.7, a gain of less than 12%.

In the succeeding year, while the war was still on, the raw industrial index fell to 113.2, or below its 1950 level, whereas the general wholesale index slipped only to 94, or well above its 1950 average. Furthermore, the lowest the general index has gone for any year since then is 92.7 or six points higher than in 1950, whereas the raw industrial index has been as low as 95.1 for 1958, or more than 20 points under its 1950 average.

The 1958 experience illustrates the industrial index's sensitivity to general business conditions. In the 1957–58 recession, it fell to the above-stated average of 95.1 in 1958 from an average of 102.2 in 1957. In contrast, the general wholesale figure actually rose, from 99.0 in 1957 to 100.4 in 1958.

One important factor in the difference between behaviors of the two compilations is that the raw industrial index reflects a minimum of labor cost. This leaves it free to fluctuate widely in response to changes in demand and supply, whereas indexes of commodities with a large element of labor cost tend to resist short-term fluctuations, especially downward.

This sensitivity of the raw industrial index to supply-demand changes gives it some forecasting value. Economists list it among so-called leading indicators, that is, economic statistics whose fluctuations have often in the past preceded changes up or down in the course of general business.

Of course, when this index changes direction, it is worthwhile before reading too much into it to make sure the change is not due solely or largely to a special situation in one commodity. For instance, the sharp recent change in the markets for copper, recorded in a story elsewhere in this paper today, is a big factor in the index's fall. However, in the latest week other of the sensitive commodities have fallen too, including cotton, hides, tallow, tin and wool.

Thus the change in the raw industrial index cannot be dismissed out of hand as having no significance. It adds another cautionary note about the future direction of general business to the ones sounded already by the rise in the cost of borrowed money and the fall in stock prices.

GEORGE SHEA.

Mr. PROXMIRE. Mr. President, I yield the floor.

SOLICITATION OF CONTRIBUTIONS FROM FEDERAL EMPLOYEES

Mr. CASE. Mr. President, on July 11, during Senate consideration of the civil service pay bill, Senator WILLIAMS of Delaware offered an amendment which would have made it illegal for political committees representing any officeholder to solicit contributions from Federal employees.

I was happy to support that amendment, and I am deeply disturbed that it was defeated.

My concern has been heightened by a letter I received from a troubled civil servant who identified herself only as "a typist."

Because this typist was subjected to invidious abuses which Senator WILLIAMS' amendment would have outlawed, I wish to make her letter public at this time.

It reads:

DEAR SENATOR: I am a civil servant, have never lived in New York, and have never seen, met, or written to Congressman ———.

There was a time when one might get a card for solicitations, but now there is a new racket, the tickets are enclosed, then followed by dunning for the money.

Once before in this year of 1966, similar tickets arrived for another Congressman, and although I returned same, was told that they were never received, and I have to pay for them; I do not have one hundred dollars.

You are an honest man and have always done right by Government Employees. How our names get on lists that are sold and re-sold I do not know, but I do feel that this is an invasion of privacy with overtones of intimidation and mental harassment.

After a glowing biography of the Congressman, the "inivitation" this typist received contains this final paragraph:

We have enclosed four tickets with a return card. Kindly let us know if you need more. Please come and enjoy an evening with your friend ———. If you can't make it, we will certainly appreciate your support.

Does this really sound like an invitation? Just how would a Federal employee refuse such a letter? The pressure is hardly subtle. The Congressman is not her "friend." Yet, there is no provision for returning the tickets, only for purchasing more. If she did not attend the reception, a contribution was obviously expected.

Such solicitation makes a mockery of our whole democratic system. It is blackmail pure and simple and cannot be disguised in the cloak of voluntary contributions. When a person's livelihood is at stake it is not a question of what one "wants to do." There is no choice.

I consider it a disgrace that the Congress should tolerate such a loophole in the Corrupt Practices Act. It is a loophole that has been increasingly exploited. We should be ashamed that people have been able to use their offices in such a way. It is a contemptible and mean form of extortion.

The situation points up the need for a thorough review of the Corrupt Practices Act, assuring consideration of new provisions to require disclosure of all sources and amounts of campaign contributions as well as all campaign expenditures.

No one knows better than the Members of Congress the weakness of the existing laws. It is time to bring out into the light all facets of campaign financing.

On the other side of the coin, there is no doubt that the amount of expenditures allowed to a candidate must be increased in the light of current realities and that a broader base of political contributions should be encouraged. This cannot, however, stand in the way of our progress on disclosure legislation.

I am dismayed by the bill recently approved by the Senate Rules Committee. About all the bill would do is increase the ceilings on campaign expenditures. It does not begin to correct the glaring inadequacies of the existing law covering campaign financing and the public reporting of contributions and expenditures.

The President's recommendations on this matter were apparently not even considered within the committee, leading one member, and a member of the majority party at that, to describe the committee's vote as "the most outrageous thing the committee has done."

That strong legislation is needed is universally acknowledged. The last amendment to the Corrupt Practices Act came during the 82d Congress in 1951.

Campaign spending has increased astronomically since then. The spending in the national election of 1964 was reported at $34.8 million according to the Citizen's Research Foundation in Princeton. This was more than twice the $17.2 million in 1956—only 8 years before—and representing a 39 percent increase from the $25 million spent in 1960.

The consensus of the experts who testified before the Joint Committee on the Organization of the Congress, a committee of which I have the honor of being a member, ran strongly in the direction of the need for fuller disclosure and stricter review of financial reporting.

Faulty reporting frequently occurs not only because of the volume of contributions leading to mistakes, but also because of deliberate omissions. Irresponsible bookkeeping and the short-circuiting of funds result in part from foreknowledge that campaign reports are unaudited except in cases of special investigation. Only outside inquiry can bring clarification or elaboration of reports that contain fragmentary, uneven, inconsistent, and sometimes deceptive information.

This issue is too important and necessary for cavalier treatment in any year, but especially in an election year.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. CASE. I yield.

Mr. WILLIAMS of Delaware. I appreciate the fact that the Senator has had that letter printed in the RECORD.

I have received many similar letters from civil service employees who were being pressured to contribute to the Democratic Party.

This situation got so bad a couple of years ago that I introduced a resolution which called on the Attorney General either to enforce the law or, if he found the law inadequate, to make recommendations to Congress by a certain date as to what changes he felt were necessary in order to prohibit this practice.

The resolution was passed and sent to the Attorney General, and we have not heard from him since.

In addition, the President said in his message that he wanted something done to correct this practice. I take it that he had his tongue in his cheek when he said that, because I introduced an amendment to a bill this year which would have prohibited these solicitations. It would have closed this loophole, but not one word of support did I receive from the White House or from anyone connected with it. The amendment was defeated on close to party lines.

Mr. CASE. I called attention to that in my remarks, and I join wholeheartedly in supporting the Senator's efforts in this respect.

Mr. WILLIAMS of Delaware. I thank the Senator.

The only conclusion we can reach is that there is an organized shakedown of civil service employees going on today to finance this Great Society. The President knows it, he must like it, he condones it, and I assume he wants it to continue. That statement stands until he helps us to pass legislation. Let him put a little arm twisting on the members of his party to help pass it, rather than telling them to use this subject in political speeches but not to vote for it.

Mr. CASE. I thank the Senator.

REVIEW OF VIETNAM

Mr. JAVITS. Mr. President, for the past 2 years, I have devoted a good deal of my time and attention to the situation in Vietnam. I am now engaged in a three-speech review of this situation, covering first, the overall problem and a number of suggestions as to what U.S. policy ought to be; second, elections; and third, social and economic reform.

On August 8, I delivered the first of these speeches, "The Dilemma of Vietnam," in New York before the Convention of the Disabled American Veterans. The theme of this address was that the United States has taken its eyes off the real challenge in Vietnam, off the essence of guerrilla war; that these wars begin and end in the hearts and minds of the people themselves and they are nurtured in uncorrected injustices. Like guerrilla wars of the past, we should not count on this conflict ending either by means of a negotiated settlement or a military victory. Forces, of course, are needed in order to pacify the country, in order to provide a shield of confidence behind which free elections and social and economic reform can take place. But it is what goes on behind this shield that will determine ultimate success or failure.

I ask unanimous consent to have printed in the RECORD the text of my speech before the convention of the Disabled American War Veterans.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE DILEMMA OF VIETNAM

As a nation we have passed the point of no return in Vietnam; it makes no sense to turn back or pull out. But it makes even less sense to charge forward head down, without knowing where we have been, without seeing the costs ahead, and without some certainty about the end and when it will all be over. There have been far too many unanswered questions about Vietnam, and there have been far too many answers that have rung hollow.

Yet, we are plunging forward, often armed with half truths, hoping for some decisive military victory, for the miracle of a peace conference, waiting for it all to end as suddenly as it appeared. These are illusions, illusions fostered by a false sense of optimism and nurtured by our own frustration. The facts are unpleasant, but unless we face

them, we shall be carried step by step by events and by decisions into a situation that few willed and that no one can control.

What are we really trying to achieve in Vietnam? Can we achieve it by military means? Will differences be settled at the conference table? How long is the road ahead, and are we willing to travel it?

If we are to persevere, we must understand our goals and the costs. If we are to make further sacrifices, we must have conviction born of truth and not of illusion.

I believe we should persevere, but only if the Saigon Government takes the proper steps to legitimize its government by free elections under a constitution, and undertakes the necessary reforms to build a base of support responsive to the aspirations of the people. We should persevere only if we use our military power in a cautious and limited manner. It is fruitless to fight for those who have neither the will nor the conviction to fight for themselves, and it is folly to act as if the danger of a wider, perhaps even world-wide, war does not exist.

WHAT ARE WE FIGHTING FOR?

The American people have been subjected to a whole kit of unconvincing reasons for our presence in Vietnam. We have been told that we are fighting for "peace in the world." But surely we cannot believe that the outcome in Vietnam will mean the end of war. We have been told that we are fighting for the "forces of freedom and justice." Diem and Ky hardly qualify as democratic types. Finally, we are told that this is a struggle to stop the expansion of Chinese communism. But, while this is true in part, it obscures a larger truth, and it also covers over the fact that the Vietnam conflict—going on since the late 40's—erupted as much from the injustices of colonialism as from outside promptings.

All of these explanations betray a lack of faith in the judgment of the American people. They spring from the belief that the American people will support efforts of this kind only if they are sugar-coated. I maintain just the contrary. I maintain that there would be less division and confusion within our own ranks if the real objectives were set before the people.

We are fighting in Vietnam for Asian stability, for time, and for a practical principle.

Stability, on the Asian continent so that Asia does not become the Balkans of the world, so that Communist China is not tempted to test our will in a wider and more dangerous context.

Time, for the non-communist countries of Asia to strengthen and solidify their own societies and to develop a sense of regional collective responsibility so that U.S. presence will no longer be necessary on the continent as such.

The practical principle, that in view of the risks of the nuclear age, change should not be brought about by force and terror and against the wishes of the majority of the people of a country.

Fighting in Vietnam will not necessarily prevent a guerrilla war from starting in Thailand, nor a resurgence of the Laotian conflict, nor a repeat of aggression in Korea. Indeed, it is very likely that the guerrilla war in Thailand, already going on, could reach significant proportions in two to three years.

The problem is not what we shall be able to prevent by our present efforts in Vietnam; it is how much more dangerous and difficult future conditions would be if we did not act now. In other words, the risks of inaction are greater than the risks of action.

It would be a decision of high irresponsibility for the United States simply to withdraw from Vietnam without due cause, for it would throw the continent of Asia into a situation of grave uncertainty and tension. It would make all future conflicts that much more difficult to control.

There should be no mistaking one central point—it is the U.S. commitment to the non-communist countries of Asia that keeps general instability from erupting into widespread violence. Of course, there is violence and risk of escalation in Vietnam right now, but, in my judgment, to do nothing in Vietnam would be an open invitation to aggression elsewhere.

There are none who realize this better than the Asians themselves. In July of this year, Prime Minister Sato of Japan said: "An increasing recognition should be made of the fact that the United States is making a major contribution to the security of the Far East, including my country." On June 18, 1966, Prime Minister Lee Kuan Yew of Singapore, who in the past has shown no particular affinity for the U.S., stated: "A premature withdrawal of American forces from Vietnam could threaten the security of Southeast Asia." In March of this year, President Marcos of the Philippines said: "The fact that the United States shoulders the major burden of the Vietnam war does not change the fact that this is an Asian challenge."

Even more impressive evidence of these feelings is the Conference of Asian and Pacific Countries which met in Korea in June. The conference was composed of nine nations from this area, with Laos as an observer. The final declaration of this conference "upheld the inherent right of the Vietnamese people to self-defense and to choose their own way of life and their own form of government free from external aggression and subversion," and affirmed its solidarity with South Vietnam in this struggle.

The ASPAC Conference actually symbolizes the time factor I just spoke of. It represents the first concrete step by the nations of this area themselves in recognizing their common economic, political, and defense interests. It will take time for the nations concerned to develop common determination and combined muscle, and we must give them that time. Lack of U.S. staying-power in Vietnam would demoralize this effort and undermine confidence in our commitments. Just as NATO was necessary to provide a shield behind which a shattered Western Europe could reconstruct itself, so U.S. power is needed in Asia to give reality to the independence of this region.

Lastly in reviewing our objectives, we must not forget about the Vietnamese people themselves. There are some who assert that these people really want the U.S. out and do not really care if a communist takeover ensues. I do not know where they get their evidence or their certainty. No mortal can search the Vietnamese mind for the truth, all we can do is look at some facts and see what they indicate.

There are dozens of different groups and factions in South Vietnam each with its own point of view and desire for power. Among them, obviously, is a minority—perhaps even a sizeable minority—which supports and sympathizes with the Vietcong. But despite this powerful and organized minority and despite the terror it employs, the rest of South Vietnam has been able to wage a grueling and unwanted war for the good part of ten years. Yes, there have been defections from the ARVN forces and protests against the Saigon Government, but despite these, they continue to maintain over one-half million men-in-arms. Yes, the Buddhists dislike the U.S. presence in their country, but one never hears them ask us to leave. If the significant majority of South Vietnamese did not want to keep the communists out of power, the whole effort would have collapsed a long time ago—no matter what the U.S. did or did not do. We can supply men and arms, but we cannot create the will to fight on unless it already exists.

Our objectives in Vietnam are hard to understand. But in my judgment, the American people do not need demons, devils, and illusions, to understand their interests. The real issue is not whether we should be in Vietnam, but how we should conduct our diplomacy and our military action in order to reach the objectives of stability and time and live up to the principle of self-determination free from aggression and subversion.

PURSUING OUR OBJECTIVES: FORCE AND DIPLOMACY

Every war brings out a parade of prophets with bottled panaceas and pat solutions, of alarmists betokening us to concede more, and of town-criers advising us to kill more. This war in Vietnam, or indeed any guerrilla war, will not be ended by more concessions or more killings. Never since World War II have guerrillas been brought to the conference table or defeated finally on the battlefield.

What I think the American people must know is that there seems little likelihood of settling the conflict in Vietnam through negotiations or by means of increasing doses of force. This does not free us of the responsibility of refining and rethinking our diplomacy, nor does it relieve us of the necessity to use our armed forces. We should continue to seek peace through negotiations and to pacify the country through measured and limited armed strength, but we cannot base our policy on the success of either.

To dangle the prospects of a seemingly unlikely peace conference before our eyes is to invite public disillusionment and lack of confidence; and to pour more and more men and arms into Vietnam and to widen the bombing targets without firmly set limits to our operations is to escalate unknowingly and unwillingly into a major Asian land war.

Why am I so dubious about a peace conference? Very simply, the Hanoi regime and the NLF want much more than we can possibly give—they want guarantees prior to talks that U.S. troops will be evacuated from Vietnam and that the NLF should have the "recisive voice" in a Saigon Government before elections. On our part, we are concerned that, for the moment, any inclusion of communists in the Saigon Government would mean the immobilization of that government and its speedly fall into Hanoi's hands. We have good reason to be troubled about the extent of the popular base of support of the present Saigon Government, and the instability and pitfalls of a coalition government including the communists.

Yet, even with this big gap between the objectives of Hanoi and the NLF and our own, it is conceivable that negotiations could find some common ground and provide some guarantees—if only they would agree to talk about the differences. But as far as we can see now, this seems highly unlikely.

We have only to review the recent past for confirmation. At first, they said they would talk if we would return to the provisions of the 1954 Geneva Conference. We said we would, but there was no conference. Then, the stumbling block became the acceptance by us of the NLF sitting as an independent party at the peace table. We gave this assurance publicly and privately, but nothing happened. Next came the bombings. A conference could be had if only we would cease bombing targets in North Vietnam. We did for thirty days, but that did not turn out to be enough. Now we hear it rumored that Hanoi and the NLF are waiting for our promise to include them in a provisional government, to let them have a "share of the responsibility." We responded that we were ready to talk about anything. Again, there was no conference.

There has been a continuing stream of proposals for cease-fires, U.N. supervision and discussion, heads of state meetings,

pressure on the Soviet Union to reconvene the Geneva Conference, military freeze and the recent Thai proposal for an Asian Conference of "all the principals"—some of them I made myself. But all of them were of no avail.

If Hanoi and the NLF have any doubts about our sincerety for negotiations, if they believe we are bluffing, and if they want to prove what they call our "hypocrisy", they have only to try us at the peace table. I hope they do, but I would not count on it.

I have supported our military efforts in Vietnam and I have voted the requisite appropriations, but I have made it plain each time that these efforts be limited and connected to rational policy objectives. I am concerned that out of frustration because the communists refuse to negotiate, we may be using force as an excuse for policy.

The theory behind the Administration's present military policy seems to be the idea of the breaking-point. It assumes that Hanoi and the NLF must have some point of damage acceptance at which it will no longer be rational for them to continue to fight. We have only to proceed along the spectrum of force—more troops, more and newer weapons, more bombings, new targets of devastating impact—to find their breaking-point and make them negotiate.

The assumption underlying this theory is faulty, and the consequences of the theory are dangerous. It assumes that we are dealing with a rational enemy, that he has a sense of proportion, that he was values more important than victory in the South. It seems to me that Hanoi, at least, has lost touch with reality. Hanoi appears willing to sacrifice its economy and its social fabric for its ends. Reaction to our bombing near Hanoi and Haiphong was to build more air-raid shelters and move people out of these cities to the country-side.

Hanoi and the NLF have their own theory about us. They believe that it is we who have the earlier breaking point, that they only have to continue a little longer before we become tired, before domestic opposition swells, and we withdraw. They are as wrong in their theory as we are in ours.

At worst, these mutual breaking-point theories can lead to World War III; at best, they will lead to a resumption of guerrilla war, leaving us back where we started. Let me explain this proposition.

We are bombing supply lines in North Vietnam. We have already bombed oil depots right outside of Hanoi and Haiphong. In a year's time, we will have upwards of half a million men in South Vietnam. What steps remain? Mining the Haiphong harbor, bombing the cities themselves, attacking airfields in the North and in China, invading North Vietnam, and starting the showdown with Peking. Crossing any one of these lines could produce a very new and more menacing configuration of battle, including greater if not direct Soviet assistance and the introduction of Chinese manpower. I do not think that either Moscow or Peking want to become directly involved in the fighting, but we should not force their hands.

Make no mistake—Vietnam is not Cuba, and if we challenge Soviet and Chinese interests directly, they will react. To speak as Premier Ky does of invading North Vietnam and having a showdown with Peking is the height of folly. Premier Ky says there can be no peace in Asia unless the U.S. defeats Communist China. This is tantamount to saying there can be no peace without World War III. Our own government should publicly disavow Premier Ky on these matters.

What happens, on the other hand, if we do not pursue the path of "quiet" escalation, and if, instead, we concentrate our military power in South Vietnam itself? While this is the course of action I prefer, it also has its limitations.

With half a million U.S. troops, a similar number of South Vietnamese soldiers, with allied support, with helicopters, modern weaponry, and air power, the communist troops operating at regimental and divisional levels in South Vietnam will get hurt and hurt very badly. Even if Hanoi infiltrates as many as six thousand troops per month, the attrition rate on these forces will be intolerably high. The Communists will soon discover that operating at Stage II of Mao Tse-tung's Theory of Revolution—at the conventional force level—is too costly.

But will their answer to this be negotiations? Most probably not. Most probably they will revert to Stage I, or strictly guerrilla type warfare. This, in turn, will leave us back where we were three years ago. True, we shall have more troops on hand, but the guerrillas will still be there.

If I were convinced that we could use more force without causing a general Asian land war, and that this would put an end to guerrilla strength in the South, or that this would bring about negotiations, such a policy would have my support. But I do not believe that force alone, even measured and concentrated force in South Vietnam itself, is the main route to peace.

THE REAL CHALLENGE: ELECTIONS AND REFORM

With our hopes tied to a peace conference and our remedies focused on force, *we have taken our eyes off the real challenge, off the essence of guerrilla war. These wars begin and end in the hearts and minds of the people themselves, and they are nurtured in uncorrected injustices.* As long as there is a sizeable number of people who feel they can receive a better deal from the Vietcong, or that the government is unresponsive to their needs, there will be guerrillas.

Force, of course, is required to meet the guerrilla on the battle field, to prevent the collapse of authority, and to pacify the country. Force can provide a shield of confidence behind which free elections and social and economic reform can take place, but it is what goes on behind the shield that determines success or failure.

This has been the case in every guerrilla war since 1945. The British and the Malays fought the predominantly Chinese guerrillas in Malaya for ten years, with a numerical superiority of twelve to one. Malaya being a peninsula, there was little outside help for the guerrillas, and the guerrillas being primarily Chinese were readily identifiable. Still, it took ten years. The Philippine Government battled the Huks, who had virtually no external assistance, for eight years. In both of these instances, the tide was not turned against the guerrillas until the individual peasant began to feel the fruits of reform in his own life and until he could give his loyalty to the government.

I am not saying that our government is unaware of this time factor; it is. I am not saying that our government has ignored the social and economic reform side of the war; quite the opposite is true. I am not saying that our government fails to comprehend how vital free elections are to obtaining the loyalty of the Vietnamese people; it knows this only too well. My point is that despite our Government's understanding of these problems, it has not taken the necessary action to resolve them. Consequently, a number of hurdles to success still exist: 1) the American public's impatience with the inevitably slow progress, domestic pressures for quick results; 2) our own hesitancy in pushing the Saigon Government along the necessary paths because we fear undermining its authority; and 3) the delaying tactics and equivocating of the Saigon Government and the wide-spread corruption throughout South Vietnamese society.

In effect, the Administration has not been straight-forward enough to dispel the illusions about quick results and has not been forceful enough with the Saigon regime to press for implementation of the aspirations of the Vietnamese people.

Our economic aid program to South Vietnam has been massive, considering it is a country with a population of only about sixteen million. Since 1954, and including what is projected for the next fiscal year, the total will be approximately $3.8 billion. This year alone, we are spending about $730 million for a variety of programs like rural reconstruction and pacification, financing of commercial imports and food assistance.

This is already a massive program, in some respects too massive since it has produced rampant inflation. We do not need to provide more dollars in aid; we do need to ensure that what we give is properly used and that it actually gets to the people.

As things now stand, the Saigon Government is dragging its heels on land reform, refugees, and corruption. The United States has to talk tougher to the Saigon leaders on these matters. We did get tough on the monetary side, and it worked—they reduced by half the value of the piaster and this did put the brakes on inflation.

We have been too squeamish on the matter of elections as well. After procrastinating, the military junta scheduled elections for a constituent assembly for September 11. This assembly is given a period of six months to draft a constitution, which in turn has to be approved by some virtually defunct body called the National Assembly, and then promulgated by the military junta itself. By November of 1967, if the constitution is approved and promulgated, the requisite national institutions are to be established. There is no provision, at present, for a general election of a civilian government. Equally distressing, is the section of the electoral law for the constituent assembly itself which prohibits "communists and neutralists" from participating. Some explanations have been offered about this, but they are unsatisfactory. It is my concern that the military junta will use those abstract classifications to prevent anyone from running for office or voting of whom they disapprove.

Genuinely free and open elections are the only real basis for generating peoples' loyalty for their government. With so much at stake, our own government should be direct and forceful in clearing up these ambiguities and in promoting free elections for a civilian government as soon as possible.

I have taken you along the road of my own thoughts on Vietnam, and these thoughts are not optimistic. I hope I am wrong. I hope there will soon be a peace conference; I wish our military power could produce negotiations without unacceptable escalation. But I would not count on either, and I would not allow myself to be taken in by false optimism, or phrases like "renewed determination." If I am right, if we face a long and uncertain future, the American people must know it, and we must accommodate our policy on Vietnam and at home to meet it!

SCHOOL MILK PROGRAM SHOULD KEEP PACE WITH INCREASED FARM COSTS

Mr. PROXMIRE. Mr. President, this year farm costs are at an alltime high. In the second quarter of this year farm production expenses were estimated at an annual rate of $32.5 billion. This is an increase of $1.8 billion over 1965 and an increase of almost $10 billion since 1957. Yet in spite of this whopping 30-percent increase in farm costs, food prices have risen only 15 percent over

this period. In addition, Secretary of Agriculture Freeman indicated only last week that 80 percent of the increase in food prices since 1947 was received, not by the farmer, but by the marketing agencies, processors, and other middlemen.

Mr. President, this is one way of showing why so many dairy farmers are selling out. It also should serve as a warning that our economy is going to have to give the dairy farmer a decent income if we are to continue to expect to receive plentiful supplies of milk at modest prices.

With milk prices going up, with dairy farmers getting a relatively small percentage of the increase, this is an extremely poor time for us in Congress to attempt to exercise false economy by putting a lid on the school milk program. By allowing the Federal Government to pay a part of the cost of the milk consumed by our schoolchildren, the school milk program has played an important role in encouraging milk consumption—thus improving child nutrition and dairy income at the same time.

If the program is to continue to operate effectively, we in Congress must do our best to make sure that adequate funds are made available to offset the recent rise in milk prices. This is why I intend to take a close look at the program as it proceeds in fiscal 1967 to see if Congress has provided sufficient funds. Additional money may be required in a supplemental bill. It is also the reason why I hope Congress will act rapidly to agree on the amount to be provided for the school milk program in the 1967 agriculture appropriation bill.

ONE VOICE FOR AMERICA IN VIETNAM

Mr. KUCHEL. Mr. President, lately, there has been criticism of intensified U.S. air activity over North Vietnam on the grounds that it may discourage Soviet efforts to bring about peace through negotiation. For my own part, I question whether the Soviet Union has ever had any intention of bringing this conflict to the bargaining table.

The Soviet Union has endorsed so-called "wars of national liberation" and is supplying war material to North Vietnam. The New York Daily News recently reported the arrival of new shipments of Soviet-built aircraft to North Vietnam to counter American attacks. And, on July 6, Leonid Brezhnev announced that Soviet aid to the Communist north would grow.

In the same speech, Mr. Brezhnev charged that American acts have produced "a storm of indignation among all honest people of the world. Even the close allies of the United States." he argued, "are disassociating themselves from the crime committed by the American imperialists. Never before has the prestige of the United States fallen to such depths as now."

If the Soviet Union finds it so shameful for the United States to fight in Vietnam, why has she been so anxous to provide missiles and aircraft and military instruction to the north, and to urge aggression against the south, under the counterfeit cry of "war of liberation"?

If the world is outraged, let the U.S.S.R. show leadership, let her show that she will pave the way for the reconvening of a conference at Geneva. It was at Geneva that the agreement giving South Vietnam autonomy was reached, and the Soviet Union approved the agreement. As cochairman of the earlier conference, she has the authority, if not the duty, to act.

If the Soviet Union regards the Vietnam situation as a grave danger to peace, she should be prepared to persuade her North Vietnamese friends of the wisdom of such a course, even if it means incurring the wrath of the paranoids in Peking.

But this is a kind of leadership rarely found among totalitarians. While Brezhnev talks, Red infiltration, terror, and savagery continue.

It is clear that no meaningful effort at negotiation will succeed until the Communist side finally recognizes that it cannot succeed through force of arms and violence; but that, on the contrary, the United States, South Vietnam, and their allies are capable of putting an end to aggression and insurrection in the south.

There is a major communications problem in getting this idea across.

As usual, the Communist camp is counting on its double standard of morality in world affairs, which dictates that violence is permitted in the name of Lenin, Marx, and Mao, but not in defense of human freedom. Because Americans believe in human values, many of our citizens accept the argument that it is wrong forcefully to resist violence in whatever cause.

Sometimes, alas, it appears that America speaks with two voices. The Communists, judging others by a mirror of themselves, delude themselves into thinking we are playing a reverse of their own double game. For the American people are overwhelmingly united to see this ugly affair through. The Communists continue to misgage the firmness of our national will. They intensify their own military activity, believing that America is deeply divided and will give up, and that they are on the edge of victory.

I quote Ho Chi Minh on July 19:

> Of late the U.S. aggressors hysterically took a very serious step further in the escalation of the war: they launched air attacks on the suburbs of Hanoi and Haiphong. That was an act of desperation comparable to the agony convulsions of a grievously wounded beast.

What kind of self-hypnosis is this? This war has become far too deadly to tolerate further shadow shows. The oriental aggressors should look behind the screen to see that the tiger is real.

It is highly important that America's voice come through, loud and clear and officially. There is no second American voice. However hard some may try to mount one, it is a false voice.

If the Soviet Union wants to promote a just peace, it should seek it through diplomatic negotiations rather than propaganda. Those Americans who vocally demand some kind of abrupt ending to this war, and most of us wish we could be spared all of it, must recognize that amateur attempts at political action are only convincing to the other side, and that in fact they are a cause of intensified war efforts because they deceive the other side.

The point America must emphasize is that her people are united in a determination to see the conflict grimly through. It is time the message got through, too.

TRIBUTE TO THE LATE CHARLES DRESSEN

Mr. DOUGLAS. Mr. President, I would like to comment about Charley Dressen, Detroit Tigers manager, who died yesterday.

Charley Dressen was an outstanding son of Decatur, Ill., who got his start in baseball at Moline and once played for the Decatur Staleys pro football team—which later became the Bears. He loved and mastered baseball to an ultimate degree.

Modesty was not one of his virtues but everyone recognized Dressen's competence, his almost fanatical love for his way of life—baseball, and his concern for the well-being of his friends and team members.

DELIVERY OF HEALTH CARE

Mr. WILLIAMS of New Jersey. Mr. President, medicare, young as it is, has already brought us many blessings. Not the least of them is the increase in attention paid to our overall national health needs. Many experts and laymen are taking a new hard look at problems that affect, not only older Americans, but all age groups.

Dr. George A. Silver, Deputy Assistant Secretary of the Department of Health, Education, and Welfare, is among those who believe that action should be taken now to counter foreseeable pressures on our health protection resources.

In an enlightening interview given to the Medical Tribune for its July 25 issue, Dr. Silver said that he is much concerned, not only with medical manpower shortages, but also with inadequacies in the delivery of medical services. In the face of such shortages, he asks, should not we find ways to help medical personnel make the best possible use of their precious time?

Mr. President, Dr. Silver's views are as timely as they are significant. I ask unanimous consent to have the article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RATIONALIZING OF DELIVERY OF CARE CALLED BEST IMMEDIATE PROSPECT

(The following news interview was obtained in the light of rapidly increasing pressures on medical manpower as part of Medical Tribune's coverage of these critical problems. 'Physicians are invited to express their own views in Letters to Tribune.)

WASHINGTON, D.C.—The nation's immediate health manpower problems are more likely to respond to the "rationalization of our systems for the delivery of medical and

health care" than to programs designed specifically to increase that manpower.

That is the opinion of Dr. George A. Silver, Deputy Assistant Secretary of Health, Education, and Welfare, one of whose more pressing responsibilities in that job is the health manpower problem.

Dr. Silver does not dismiss as useless the many efforts aimed at producing greater numbers of medical and health personnel, whether old, new, or prospective. Moreover, he applauded, in an interview, President Johnson's recent appointment of a National Advisory Commission on Health Manpower charged with recommending ways to help meet the "critical shortage" in these fields (Medical Tribune, May 18).

But, he said, significantly increased numbers of doctors, nurses, technicians, and aides will not be available for some time, and therefore the country's present body of health workers should be employed more efficiently to meet the needs of the present and near future.

TASK COMPLEX AND DIFFICULT

Dr. Silver is under no illusion about the complexity and difficulty of the task. "The profession opposes many of these suggestions," he told Medical Tribune, "and a variety of other special interests in the health field interpose themselves."

But he feels that there is a clear case for "improving the systems of delivery of medical care." There are at least two classes of people who would benefit from such an improvement, in his view.

The first, "significant in number," consists of those who have come to be termed the medically indigent, for whom services are fragmented, delayed, demeaning, unavailable—or all four at different times and places.

The second consists of those who are in fact "buying medical care," but who are not getting the best care we know how to give because the physicians who are delivering it are overburdened or lack adequate equipment or training or because the patients are in no position to find their way through the maze of contemporary sophistication in medicine.

The Department of HEW is in no way seeking to order these things better by fiat. It does, however, intend to look into the whole question of delivery of medical care. Secretary John W. Gardner, for example, believes that more has to be done in many ways and particularly in measuring performance from the standpoint of what the patient needs, Dr. Silver said.

Internally, also, the department is moving toward rationalizing its own approach to the selection and coordination of programs—defining a mission, examining the resources available, setting priorities, and allocating the resources to meet them.

OUTSIDE CONSIDERATIONS CITED

Naturally enough, a good many considerations from outside will enter into these rationalized calculations. Dr. Silver is not talking about mysterious pressures when he mentions these other considerations.

It is rather, a matter of simple fact that if, to take a hypothetic example, "people are thinking more about children than about old people at a given time, you will get better child programs than aged programs."

That, in his opinion, is "not a threat, but a democratic necessity." And, in any case, he said, "people here [in the department] are dedicated to the notion of the pluralistic society. If that sounds like a cliché I can only point out that if you love your mother and you say, 'I love my mother,' that's a cliché too, and it is also the truth."

While the manpower problem extends throughout the health field, the need for physicians is a striking example of time lag versus immediate necessity.

Dr. Silver is not disposed to lay great stress on arguments about the exact number of physicians or the physician shortfall, because he believes that whatever the over-all numbers may be, it is beyond argument that there are not a sufficient number of the right kind in the right places at any given moment.

If there are some 50,000 general practitioners and about 20,000 internists available for private practice, that's "nothing like enough to take care of the need we have for family health practice today."

NUMBER MAY SUFFICE

On the other hand, "if medical practice could be rationalized so that physicians used their time more effectively, if medical students could be channeled to the career goals where the need is greatest, if hospitals were regionalized—then perhaps we could get on quite well with the numbers we have now and are likely to have in the foreseeable future."

As to the numbers we are likely to have, he pointed out that since the big push to increase student intake began just two years ago, about 1,000 new places have been created in medical schools, new and old. The target of present legislation is another 1,000 places over the next few years.

Though a great deal has been heard about various kinds of curriculum reform, the adoption of any vast and sweeping change that would make a serious dent in the length of training is not to be anticipated in the near future, in his opinion.

Those two facts taken in conjunction add up to some additional physicians at some later date, but not a lot more right now.

Under the circumstances, Dr. Silver reverted to a theme he has sounded before. "I think there is a likelihood that there will be more experimentation with different types of physician assistants." If such experiments are successful, a great deal of the pressure on physicians for routine tasks would be lifted, freeing them for the more urgent tasks that do require professional training.

As to whether this inevitably means that there will be a growth of organized systems, akin to the prepaid group practice plans about which a great deal has been written, Dr. Silver has an open mind.

MIDDLE CLASS DROPOUTS

There is some evidence, he noted, that "middle class people do not like organized systems of that kind. Many in that classification have dropped out of such groups and shopped around. It may be that what has been offered to them in these systems has not been satisfactory to them and that some other sort of organized system would be. I don't believe that anyone can answer that question with certainty."

But this particular problem concerning a particular group of patients in one kind of system should not be mistaken for some sort of general disenchantment with the notion of group practice. Dr. Silver noted that, in the first instance, there is a clear pattern of growth for associated practice of various kinds among physicians themselves, and, in the second, that he is himself quite certain that group practice offers a more efficient means for the delivery of medical care and a better vehicle for introducing new techniques.

A couple of other things about which he is certain are that we need more and better answers to questions about many aspects of the medical care delivery system and that there are some problems where answers already exist without having been applied with sufficient vigor.

He is hopeful that the questions will not be shirked and that the answers will not be sloughed off.

NATIONAL DRUM CORPS WEEK

Mr. DODD. Mr. President, during the week of August 20 to 27, there will be demonstrations by young people in virtually every city and town across the country. I want to salute these youngsters and those who have trained them for this activity.

I hasten to add that the demonstrations of which I speak will be staged by the 1 million persons involved in drum and bugle corps work who will be celebrating National Drum Corps Week.

These demonstrations will cause no fear, they will be far removed from the world of violence, they will not seek to promote a cause in opposition to a course on which their country is embarked, and they will not be designed to impose the views of the participants on the majority.

On the contrary, these displays will be colorful and entertaining affairs made possible by a love of music and the hard work and rigid discipline necessary for this demanding art form. The parades in which members of drum corps take part will inspire pride in their parents and in their leaders.

I am heartened by the motto which the youth of drum and bugle corps support: "Pageantry and patriotism, on the march."

In some circles today, it is considered old-fashioned to acknowledge deep feelings of patriotism for our country. Our heritage, our traditional values, and our freedoms won at great cost on many battlefields should still inspire pride and gratitude in all of us.

The drum corps invoke through the symbols of colorful costuming and careful cadence reminders of our great history, a healthy antidote to the ultrasophistication and cynicism to which we are so often subjected.

I am particularly pleased to pay tribute to these young people and to the adults who give their time to train and sponsor their activities because I feel we are frequently guilty of emphasizing the antisocial behavior of a few rather than the constructive projects to which so many boys and girls devote their time.

If we are ever to win the war against juvenile delinquency, it will not be with an attitude of deploring or by handwringing. But we adults can help by giving our full support to constructive activities, such as the thousands of drum and bugle corps throughout the country, and I am happy to lend my voice to this cause during the week set aside as National Drum Corps Week.

CONTROL AT THE FEDERAL LEVEL

Mr. DOMINICK. Mr. President, we have heard a great deal lately about antipoverty wars, job-training programs, manpower development, and the need for the whole Nation to pitch in to help our fellow citizens who are less fortunate. The programs passed by Congress and suggested to Congress by this administration to solve the problems have at least one common denominator; namely, control at the Federal level. Senators will recall the debate last year over whether

or not Governors would be allowed to retain a veto over poverty programs scheduled for their States. Unfortunately, those of us, who felt that at least some of the responsibility and authority for the conduct of these programs should be placed in the hands of those most closely associated with the poverty and unemployment situation in their States, were overwhelmed by the superior numbers supporting the administration's view that all things should be controlled from Washington.

Mr. President, it is not my intention to cite each of the numerous cases during which this philosophical argument has been fought. I would, however, like to comment on a recent case which targets the issue even more plainly.

In a desire to speed up training of the unskilled and to engender a wider sense of responsibility and participation in this field among the private sector, a number of us have introduced legislation which would combine the forces of government and nongovernment in an effective way. These bills are S. 1130, sponsored by Senators ALLOTT, FANNIN, LONG of Missouri, SCOTT, TOWER, CASE, and FONG; and S. 2343 sponsored by Senators JAVITS, HARTKE, and SCOTT; and S. 2509 known as the Human Investment Act, sponsored by Senators PROUTY, myself, ALLOTT, CASE, COOPER, COTTON, DIRKSEN, FANNIN, FONG, HICKENLOOPER, HRUSKA, JORDAN, KUCHEL, MILLER, MORTON, MUNDT, MURPHY, SALTONSTALL, SCOTT, SIMPSON, and TOWER.

These bills would in one form or another amend the Internal Revenue Code of 1954 to allow a tax credit to employers for expenses provided in training programs for employees. Such an approach would open thousands of presently untapped avenues of work for the unemployed and unskilled. It would be perfectly consistent with the administration's expressed desires to fight the devastating effect upon the unskilled laborers from onrushing automation. It would supplement rather than supplant the present antipoverty programs. It would provide a means for utilizing the vast resources and imagination of millions of people not presently involved in the wars on poverty. It would provide jobs for the trainees, in the jobs they were being trained for. It would vastly increase the opportunities for those seeking work but not skilled in the available job openings. It would accelerate the ability of the unemployed to become economically independent. It would help solve the shortage of skilled and semiskilled labor. It would provide freedom of job opportunity. It would accomplish all these objectives through the imagination and creativity of the private enterprise sector.

The Finance Committee requested reports on these various bills, and I ask unanimous consent to place the report of the Bureau of the Budget into the RECORD at this point. I do so, Mr. President, because this report needs study by all members although I intend to comment on it herewith.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT, BUREAU OF THE BUDGET,
Washington, D.C., July 28, 1966.

Hon. RUSSELL B. LONG,
Chairman, Committee on Finance,
U.S. Senate,
New Senate Office Building,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to the requests from your Committee for the views of the Bureau of the Budget on S. 1130, S. 2343 and S. 2509, bills to amend the Internal Revenue Code of 1954 to allow a tax credit to employers for expenses of providing training programs for employees.

S. 2343 would extend the provisions of the investment tax credit under section 38 of the Internal Revenue Code of 1954, to include certain employee training expenses. S. 1130 and S. 2509 would provide a tax credit, limited to the amount of tax up to $25,000 plus 25 percent of the tax liability in excess of $25,000, for certain designated employer expenses in connection with employee training programs. A three-year carryback and a five-year carryover are provided for unused credits.

This Administration is placing and will continue to place a high priority on manpower training. The Bureau of the Budget is, therefore, in agreement with the objectives of these bills. However, we believe that the appropriate incentives should be based on direct assistance rather than on the use of tax credits for the following reasons:

1. Under direct assistance programs such as the Manpower Development and Training Act of 1962, the costs of the programs are readily identifiable in the budget and are subject to annual congressional review. In a most direct way the Congress and the public are able to know exactly how much the program costs and are able to measure the benefits of the program against these costs. Tax incentives, on the other hand, are not normally subject to annual systematic review and, in addition, leave the costs of the program, as represented by reduced liabilities, hidden in the aggregate business tax statistics.

2. The bills would tend to favor large corporations as opposed to small business. Small businesses often have little tax liability against which to write off a credit and too few employees to organize a formal training program.

3. It would be possible for an employer to formalize existing informal training merely for the purpose of obtaining the tax credit. Such a change in activities, while financially beneficial to the firm, would serve to distort the efficiency of the firm in an economic sense by causing it to employ resources in a manner which would yield less than the maximum productive return.

4. The bills might stimulate training in fields with a low national priority or need. Direct assistance programs, on the other hand, can be adjusted to existing and future occupational requirements.

The Bureau of the Budget, therefore, recommends against enactment of S. 2509.

Sincerely yours,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

Mr. DOMINICK. Mr. President, the administration has informed us through the report of the Bureau of the Budget that it is "in agreement with the objectives" of the bills but recommends against their passage. Since no mention is made of cost, it is interesting to note the philosophy spread before us as the foundation for the objection.

Summarized, it is that direct taxpayer assistance is preferable to the tax credit approach because:

First. Costs are more readily identifiable in the budget.

Second. Large corporations would get more benefit than small corporations.

Third. Employers could use the idea for employing resources in a less than maximum productive return.

Fourth. The bills might stimulate training in fields of low national priority or need.

My analysis of this gobbledygook is that the administration wants to control job opportunities for the future, to channel workers only into those fields preselected out of Washington, to cut down big business because it is big, to distrust small business because it is small and to oppose program developments which might be economically profitable. Am I reading things into this report? I do not believe so.

Now, Mr. President, certain national objectives have been set down by past Congresses and executive departments. Among these are: first, full employment; second, assistance to small business; third, training of unemployed; fourth, retraining of underemployed; fifth, freedom of job opportunity; and sixth, encouragement of private enterprise.

These bills would substantially assist in reaching all these goals. S. 2509, for example, is sponsored by 21 Republican Senators and supported I believe by the vast majority of Republicans throughout the country and by many members of the other party. It is a new and productive approach to solving age-old problems.

However, this report, Mr. President, is wholly inconsistent with those national objectives, and in fact raises once again in a direct and alarming fashion the specter of George Orwell's "1984" concept of Big Brotherhood. There "Government" with a capital "G" controlled jobs, training, education, marriages, costumes, and even ideas. We have not yet reached that point and God willing, we never will. But the tendency to move in that direction as bureaucracy grows is evident in paragraphs 3 and 4 of this report. Study them once again.

3. It would be possible for an employer to formalize existing informal training merely for the purpose of obtaining the tax credit. Such a change in activities, while financially beneficial to the firm, would serve to distort the efficiency of the firm in an economic sense by causing it to employ resources in a manner which would yield less than the maximum productive return.

4. The bills might stimulate training in fields with a low national priority or need. Direct assistance programs, on the other hand, can be adjusted to existing and future occupational requirements.

Are we to assume responsibility for determining whether a firm is or is not "employing resources in a manner which would yield less than the maximum productive return." Under what arrogation

of superior wisdom do we gain this right? By what group of super genius' will the determination be made? Are we to train people only in fields of national priority or need? If so, why are we training young men in picking up sticks at the Job Corps camps and young women in knitting? Are these occupations of high national priority? In what way are we now adjusting direct assistance programs to existing and future occupational requirements? Are we training the unemployed to become atomic scientists? Are we training the unemployed in marine biology? Are we training the unemployed in machine tool construction and operation? Are we planning to do this? If so where are those plans and who has made them?

Mr. President, these are not idle questions. When the Bureau of the Budget recommends rejection of legislation specifically designed to implement national goals and to do it through the private sector and with freedom of choice for the employer and the employee, the reasons for such rejection should be studied with care.

My study at least leads me to the conclusion that the rejection is based purely and simply on the desire of this administration to control all things and all people from Washington, through redistribution of tax funds. The inevitable result, painted so clearly in the Bureau's report, is control of jobs, control of training, elimination of freedom of choice in job opportunities, further problems for small businesses, further attacks on big business, and further questions as to whether Government or management will control private enterprise.

Mr. Orwell may well be prophetic.

THE FRITZ LANHAM BUILDING IN FORT WORTH

Mr. YARBOROUGH. Mr. President, yesterday the Senate passed H.R. 10284, a bill providing that the new Federal office building under construction in Fort Worth, Tex., be named the "Fritz Garland Lanham Federal Office Building" in memory of a distinguished Congressman and outstanding Texan. The late Congressman Lanham was a native of the Fort Worth area and ably served this district in the Congress of the United States for 28 years.

It is highly fitting and proper that such an honor should be bestowed upon Fritz Lanham for he served at one time as chairman of the Public Buildings Committee, a separate committee of the House until the Legislative Reorganization Act of 1946 established the Committee on Public Works. Fritz Garland Lanham was a dedicated public servant and an effective Representative. The new Federal office building will be a fitting memorial to an able man and appropriate thanks from a grateful community for his years of diligent service. I am pleased that my fellow Senators have joined in passage of this bill to honor a notable Congressman, the late Fritz Garland Lanham.

CONSTRUCTIVE ACTIVITIES OF OUR YOUNG CITIZENS

Mr. KENNEDY of Massachusetts. Mr. President, much is said today of our wayward youth, of juvenile delinquency, of youthful cynicism regarding patriotism. But not enough is said of the constructive activities of the majority of our young citizens, and the adults of our country who unselfishly use their leisure hours directing activities of our young men and women.

In the week of August 20 to 27, we shall celebrate National Drum Corps Week. I think it is important that we consider for a moment the many advantages of the many drum corps programs operating throughout the United States.

Drum Corps activities represent a great opportunity for all its participants. It means that youths will work under the direction of adults, and will learn from these experienced and dedicated leaders the benefits of proper discipline. It means that young men and women will be offered the opportunity to develop their leadership potential in worthwhile areas. Above all the drum corps program means a chance to check delinquency before its starts, and develop patriotism through active participation in the rich pagentry which has always been a part of our great American heritage.

Indeed, the very motto of drum and bugle corps members is a living tribute to their worthiness:

> Pagentry and patriotism, fight delinquency, support drum corps activity.

Mr. President, I have personally witnessed the worthwhile effects of a drum and bugle corps program. In particular, I refer to one of the finest groups in the country—the Mattapan Crusaders from my own State of Massachusetts. The National Drum and Bugle Corps program, of which the Crusaders are a part, encourages in our Nation's youth the qualities that make good citizens. I heartily support its efforts.

DEATH OF ALBERT W. SMALL

Mr. MONTOYA. Mr. President, it is with sorrow and sadness that I bring to my colleagues' attention today the news of the death from a heart attack of Albert W. Small, one of the world's foremost cryptologists, on August 9, 1966.

Mr. Small was one of the principal analysts involved in solving enemy cryptographic systems during World War II, and his work contributed immeasurably to our military victories. Subsequently, he invented some of our secure communications systems.

For three decades, Mr. Small was a leading figure in the development of the science of cryptology, and this Nation owes to him an enduring debt for the part he has played in our national security.

His country owes him a lasting debt of gratitude.

QUESTIONABLE PRACTICES BY CERTAIN SAVINGS AND LOAN INSTITUTIONS

Mr. GORE. Mr. President, on August 7, 1966, a news item appeared in the Washington Post which greatly disturbed me. According to this Associated Press dispatch, some savings and loan institutions in California are raising interest rates on existing home loans by invoking fine print clauses in trust deed notes. These clauses allow the loan company to increase the interest rate, and, therefore, the monthly payment, on loans which have already been negotiated and closed.

Again, according to this news item:

> Most notes don't have such clauses. But executives of several firms say they are considering including them in making new loans. The current tight money situation is known to be putting a squeeze on the lending industry.

Mr. President, I submit that if any such practice as this becomes general, we will tend to return to pre-New Deal days, when homeownership was relatively rare among the young people with growing families, and when home purchases were financed through such unwise gimmicks as balloon notes. Such a practice, if widespread, would doom our homebuilding industry, as we know it today, and those industries allied with it.

Of course, officials of savings and loan institutions practicing or contemplating this kind of thing excuse it on the grounds that money is costing them more. This is, unfortunately, true, and this trend must be reversed.

I have spoken several times in recent days, weeks, and months against the tight money, high interest rate policy being pursued by the Federal Reserve Board and with the apparent approval of the Johnson administration. At least, actions taken and recommended by the administration have encouraged the Board in its mistaken and hurtful course.

High interest rates, under conditions we face today, do not help to curb inflation. It is doubtful that high interest rates have ever acted to curb inflation, although they have been of material assistance in bringing about recessions and in disrupting the economy.

Certainly, today, with big business in a semimonopolistic condition and with labor strongly organized, high interest rates serve to increase prices and are not at all helpful in dampening demand, except in areas where organization of an industry is loose, such as housing. And, in this case, serious imbalances are brought about which distort the economy, while the general level of prices continues to rise.

Criticism of Johnson administration policies is coming from all quarters, and has reached such proportions that some heed must surely be paid soon. A few days ago, for example, Dr. Arthur F. Burns, who has been described as the "high priest among Republican economic advisers" spoke out in favor of several actions, among them suspension of the 7-percent investment tax credit and a cessation of "playing games with the Federal budget." Dr. Burns made other

recommendations, as well, but with these two I am in wholehearted agreement.

It was obvious early this year that the most explosive demand area was in plant and equipment expenditures. It was also obvious that an inducement such as the investment credit would continue to spur these expenditures to levels which could not be sustained and which were not called for by true demand.

I made a strong effort to bring about a suspension of the investment credit, and to secure administration support for such a suspension. But to no avail. Instead, the administration preferred, as Dr. Burns has put it, "playing games with the Federal budget."

Of particular significance in this connection was the scheme to sell off certain capital assets such as VA and FHA mortgages, disguising the receipts from such sales, for budgetary purposes, as current income. I do not think this really fooled anyone. But it did definitely drain off some funds which might otherwise have gone into new housing, or into new loans on existing housing, and thus contribute to the difficulties of the homebuilding and related industries brought on by high interest rates and the competition for funds between banks and savings and loan institutions.

Mr. President, I am simply unable to follow the reasoning of those who constantly search for the apparently easy out. Hard decisions must be taken. The day of reckoning cannot be forever postponed. Budgetary legerdemain cannot be successfully substituted for realistic appraisals of economic conditions and firm action indicated by those appraisals.

But, back to the Federal Reserve Board and its actions and policies in the tight money, high interest rate situation.

As I have said before, the Board is banker-oriented and seems inclined toward keeping interest rates on the high side, no matter what economic conditions we face. But, in partial defense of the Board, let me point out that some members certainly feel bound in all conscience to take such actions as are open to the Board to stem inflation. When Board members see the administration taking steps which work counter to their policies, they often seem to feel that they have no choice but to tighten the screws even harder, even if in so doing a general recession is brought on.

President Johnson is remiss on at least two counts:

First, he should appoint to the Board men who are properly oriented;

Second, he should take actions and make recommendations which will assist in controlling inflation when inflation is clearly threatened, rather than dodging responsibility, and allowing the Board to do as it pleases—even lending encouragement through inaction for even greater stringency by the Board.

But, as pointed out by the Senator from Pennsylvania a few days ago, even given the defalcations of the administration, Federal Reserve policy is misguided and actually feeds the inflationary fires. A general reversal must be brought about. It cannot be brought about unless and until the President exercises sound and aggressive leadership in the right direction.

CATEGORICAL OR GENERAL AID TO EDUCATION—RESOLUTION OF DENISON BOARD OF EDUCATION

Mr. TOWER. Mr. President, the Board of Education of Denison, Tex., authorized a resolution recently regarding centralized Federal control of education.

My own views in preference of local control of education are well known. Education is so important that it is imperative that the Federal Government maintain a hands-off attitude.

If there are no objections, Mr. President, I ask that the text of the resolution be printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION

The Federal Government entry into the local school district financial picture has provided sorely needed funds. New programs and services provided with such funds have undoubtedly contributed to the advancement of public education. The many sources of these monies have, however, brought new regulations and restrictions that, more often than not, have circumscribed their use and made it impossible for the local board of education and school administration to establish programs that will serve the needs of the community as those needs are seen by the local school officials.

Therefore, be it resolved by the Board of Education of the Denison Independent School District:

That the Congress of the United States be petitioned to replace categorical aid to education with general aid, all of which would be administered through the State Education Agency. Subject funds should emanate from the Congress through the United States Office of Education.

Be it further resolved that the "grass roots" interest in and innovations for education have contributed to the present high state of public education and that it is imperative in order to maintain local community support and interest; and

Be it further resolved that a copy of this resolution be sent to the President of the United States, to the United States Senators from Texas, and to the 4th District Congressman from Texas.

Adopted and approved this 19th day of July, 1966.

S. J. BROWN,
President, Board of Education, Denison Independent School District, Denison, Tex.

Attest:

MANUEL COLE,
Secretary, Board of Education, Denison Independent School District, Denison, Tex.

AT LAST—A FIRMER, MORE REALISTIC U.S. POLICY TOWARD EGYPT APPEARS TO BE IN THE MAKING

Mr. GRUENING. Mr. President, recent press announcements seem to indicate that at long last the administration has taken a cold realistic approach to the United Arab Republic and will, in the future, discontinue the practice of giving economic aid to President Nasser to aid him in carrying on activities around the world inimical to U.S. interests and disruptive of world peace.

If this is true, and if this policy is maintained, then it will be truly gratifying to me and others in the Congress who for years have been seeking to bring this about.

Six years ago—on April 28, 1960—I joined in cosponsoring an amendment offered by the able and distinguished Senator from Illinois [Mr. DOUGLAS], to the Mutual Security Authorization Act of 1960, that that act and Public Law 480 be administered in such a way as to give effect to the principles that the United States favors freedom of navigation in international waterways and economic cooperation between recipient nations.

That amendment was necessitated by the action of the United Arab Republic in prohibiting not only Israel ships from using the Suez Canal but also prohibiting ships of all other nations carrying cargoes either from or to the State of Israel from using the Suez Canal. I stated at that time:

I believe it is highly desirable that the United States stop appeasing dictators, especially when they are in definite violation of their own agreements and conventions. The United States is now contributing about $6½ million to the United Nations police force to keep the peace on the border between Israel and Egypt—a third of the total U.N. appropriation. All of this could be averted if we were not constantly encouraging irresponsible dictators.

Despite the passage of this amendment, President Nasser continued and continues to stop Israel ships from using the Suez Canal and to deny access to the canal to cargos carried by ships of other nations to or from Israel.

Despite the passage of this amendment and the complete lack of compliance with its provisions by President Nasser, the U.S. aid program to the United Arab Republic in fiscal year 1960 amounted to $89.8 million.

In 1963—with President Nasser becoming increasingly more involved in fighting in Yemen, using U.S. aid to take the place of money he was wasting in that civil war—I tried again.

I offered an amendment to the foreign aid authorization bill for fiscal year 1964 barring aid under the foreign aid program and under the food-for-peace program, Public Law 480, to any country which the President found to be engaged in or preparing for aggressive military efforts directed against the United States or any country receiving U.S. aid. Unfortunately, in order to secure passage of this amendment, an "escape clause" had to be provided. The President had to make findings that a particular country was engaging in or preparing for aggressive military action and, if such finding was made, no further assistance could be given until the President made a further finding that such aggression or preparations for such aggression had ceased.

Despite the fact that the United Arab Republic remained in a state of unilaterally declared war with Israel, despite the fact that Israel ships were still

barred from using the Suez Canal, despite the fact that also ships of other nations carrying cargoes to or from Israel could not traverse the Suez Canal, and despite the fact that Nasser retained upwards of 30,000 troops in Yemen at a cost of more than $500,000 a day, the President did not make the findings required under my amendment.

Aid continued to flow to the United Arab Republic in large amounts—$199.7 million in fiscal year 1963 and $140.5 million in fiscal year 1964.

Repeatedly, during this period, together with many of my colleagues, I urged the President to be firm—to insist that as a condition to receiving U.S. economic aid, the United Arab Republic be required to adhere to the principles of international comity and desist from fomenting aggression in the entire Middle East.

Our urgings went unheeded.

Again this year, I was one of the cosponsors of an amendment to the foreign aid bill on the important subject of continued economic aid to the United Arab Republic. This time, however, to make certain that the message got through in no uncertain terms we specified in the amendment that "no assistance shall be furnished under this act to the United Arab Republic." But in order to obtain acceptance of the amendment, we had to insert an "out" in the amendment permitting the President to continue aid if he found "that such assistance is essential to the national interest of the United States, and further that such assistance will neither directly nor indirectly assist aggressive actions by the United Arab Republic."

After 6 long years of repeated attempts by me and many of my colleagues in the Congress to obtain action from both Republican and Democratic administrations to halt U.S. economic aid to the United Arab Republic unless it discontinued its aggressive forays in the Middle East, the present administration has finally moved to stop the flow of economic assistance to the United Arab Republic.

The Washington Post for August 9, 1966 reports a press conference held by the new AID Administrator, William S. Gaud, in which he is reported to have said:

> There is no expectation of an early resumption of aid to Egypt.
>
> The United States has been concerned about threats by Egyptian President Nasser to attack pro-West Saudi Arabia and Israel, and also about the opening of a Vietcong office in Cairo.

The administration is to be congratulated on taking this much needed step on the road to peace in the Middle East. I hope it will remain firm and work diligently to take the other needed steps which are still needed to bring about peace in that very troubled and potentially explosive area of the world.

My approval of the action taken is not based on any anti-Arab feelings. I would be first to propose and support the giving of economic aid to the United Arab Republic if it would be sincerely and properly applied to that country's own economic development.

But I approve the administration's actions in cutting off further aid to the United Arab Republic because President Nasser for years has not really been seriously and totally interested in the economic development of his own country, Egypt. Rather, he has been interested to a far greater degree in stirring up trouble in any part of the world—preferably, trouble which would be against the best interests of the United States.

To name but a few of President Nasser's actions over the years that have hurt U.S. interests abroad, he has:

Attempted to develop a United Arab Command with the avowed aim of obliterating the State of Israel, an oasis of democracy and civilization in a desert of backwardness and one of the few effective, democratic allies of the Free World in the Middle East;

Pressured Libya to force the United States to close its airbase there;

Provided Communist-made arms to the Congolese rebels, even while they were slaughtering innocent whites and Negroes and indulging in cannibalism;

Waged—and continues to wage—aggressive warfare in Yemen starting with 28,000 troops and building up to the present troop level of 70,000 troops there;

Used his extensive and expensive propaganda apparatus—built at considerable expense to the U.S. taxpayer—to hurl anti-U.S. propaganda into neighboring countries;

Attempted to undermine the prestige of the United States in Africa;

Supplied Communist-made arms to the Greek Cypriots to perpetuate the conflict in that island;

Recognized East Germany and pressured other Arab countries to do likewise;

Led—and continues to lead—the other Arab nations in an attempt to divert the headwaters of the Jordan to spite and injure Israel;

Instructed the Egyptian police force to stand back when raging mobs burned the John F. Kennedy Memorial Library in Cairo.

I do not intend the foregoing to be an all-inclusive list of all the actions engaged in by President Nasser to thwart and disrupt not only the foreign policy of the United States but that of all the nations of the free world.

Since I first proposed a curb on economic assistance to the United Arab Republic in 1960, we have poured into that country $898.2 million and all during that period President Nasser has continued to be a thorn in the side of the Middle East, continuing as the No. 1 troublemaker in that area.

Recently, as chairman of the Subcommittee on Foreign Aid Expenditures of the Senate Committee on Government Operations, I held hearings which brought out the abuses by President Nasser in the use of food given him under the food for peace—Public Law 480—program.

Public Law 480 specifically requires that wheat provided a country under title I of that act could not be used so as to cut down normal purchases by that country in the commercial markets.

But that is exactly what Egypt did with the wheat we supplied it. President Nasser did not use the wheat we gave him under the food-for-peace program to feed hungry people in the United Arab Republic. Instead, he used it to supplant his normal purchases of wheat in the open-market and diverted it for sale to obtain foreign exchange to support his aggressive actions.

But Nasser did more than divert the food for peace from his people for sale in the open market. The countries Nasser chose to sell the food to were Communist countries such as Cuba, the Soviet Union, East Germany, and Bulgaria.

This then was the country to which successive administrations continued to give economic assistance despite my repeated protests and the protests of my congressional colleagues over the years—protests which were given concrete form through amendments to successive foreign aid bills.

Now these protests seem to be bearing fruit. I hope the administration's adamant stand will continue until:

First. Egypt has declared its willingness to sit down at the peace table with Israel or publicly to proclaim that its unilateral declaration of war against Israel is at an end.

Second. The United Arab Republic brings to an end its prohibition of the use of the Suez Canal by Israel ships and by ships bearing cargoes to or from Israel.

Third. There has been a withdrawal of Egyptian troops from Yemen.

There is one further step the United States could take to ease tensions in the Middle East.

At present, the arms race in the Middle East is set on a highly dangerous collision course. It can only end—as all arms races must end—in armed conflict.

Over the years, with Soviet Union assistance, Egypt has diverted its economic resources away from its own economic development to increasing steadily the arms it possesses, both in quantity and sophistication. It would be bad enough if this diversion of economic resources to an arms buildup merely slowed down Egypt's economic growth. But it is doing more than that. Because of Nasser's on-again, off-again open threats to the other Arab nations in that area, they too have diverted their own economic resources to arms. And, because of Nasser's even more virulent threats to drive Israel into the sea, Israel has had to devote economic resources it can ill afford to buying more and more arms to maintain a defense posture equal to Nasser's growing military strength.

This arms race must be brought to a halt.

The United States can play an important role in doing so.

Let up hope that our new, changed policy toward Nasser is the first step toward that desirable objective.

MARYLAND LEGISLATIVE COUNCIL BACKS COMPENSATION TO VICTIMS OF CRIMES

Mr. YARBOROUGH. Mr. President, I was very happy to note in this morning's newspaper that the Maryland Leg-

islative Council has endorsed a bill to provide compensation to innocent victims of crimes of violence. I am very much interested in this subject, and earlier this week introduced an amended version of my bill, S. 2155, which would provide compensation to victims of crimes in the District of Columbia and other Federal jurisdictions. It has been my hope that my bill would serve as a model for measures in the States.

The proposal which was endorsed in Maryland and which will be recomended to the next session of Maryland's Legislature would provide a maximum payment of $30,000 to persons suffering injuries costing at least $150 or necessitating the loss of at least 2 weeks' pay. The program would be administered through the workmen's compensation commisson, rather than through a separate commission, as in my bill.

Maryland is setting a good example. I had hoped that the Federal Government would move promptly, and set an example, but it is heartening that some of the States are not waiting for Federal example, and are themselves pacesetters. Maryland has won the plaudits of the Nation by this forward step.

Mr. President, I ask unanimous consent that the news item from the Washington Post of August 11, 1966, carrying the story be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BILL ENDORSED TO PAY VICTIMS OF CRIMINALS

ANNAPOLIS, August 10.—Maryland's Legislative Council endorsed today a bill to compensate victims for injuries suffered at the hands of criminals.

The measure was adopted for inclusion among legislation the Council will recommend to the next session of the Legislature. It cleared the Council's Budget and Finance Committee without a dissenting vote last night.

It would provide a maximum of $30,000 payment for permanent, total disability and would apply to persons suffering injuries which cost them more than $150 or two weeks' loss of pay.

Claims would be filed through the Workmen's Compensation Commission, which would make awards on the same scale it now does in industrial accident cases.

The bill is patterned largely after one by Sen. John W. Steffey (R-Anne Arundel), which was referred to the council by the Senate Finance Committee.

Sen. Harry R. Hughes (D-Caroline), chairman of the Finance Committee and head of the Council subcommittee which drafted the new bill, said that although no figures were available on potential cost, members were "convinced it will not open the door to a lot of expense on the part of the State or a lot of fraudulent claims."

He said California and New York have similar laws and New Jersey and Illinois are in the process of enacting one if they haven't done so already. England and New Zealand also compensate crime victims for injuries.

The draft bill declares as public policy that "the citizenry of the State have a moral responsibility to relieve the financial burden of the loss sustained" by victims of crimes.

FULLER DISCLOSURE BY SO-CALLED CORPORATE RAIDERS

Mr. WILLIAMS of New Jersey. Mr. President, during the last session I introduced a bill, S. 2731, designed to prevent, through appropriate disclosure, corporate takeovers by those interested merely in quick profits rather than legitimate operation of businesses. The bill has aroused a great deal of interest in the business and financial community.

The Securities and Exchange Commission has submitted a most helpful and very detailed report on S. 2731 and in general looks favorably upon the need for remedying the problems arising out of corporate takeovers. Since I think it would prove most informative and useful to those active in the securities field and to the general business community, I ask unanimous consent to have printed in the RECORD the memorandum from the Securities and Exchange Commission.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

MEMORANDUM OF THE SECURITIES AND EXCHANGE COMMISSION TO THE COMMITTEE ON BANKING AND CURRENCY, U.S. SENATE, ON S. 2731, 89TH CONGRESS

S. 2731 would amend sections 16(a) and 10 of the Securities Exchange Act of 1934 ("the Act") to provide for fuller disclosure by and protection against so-called corporate raiders. Section 1 of the bill would amend section 16(a) of the Act so as to require every person who owns beneficially more than 5 per cent of any class of any equity security which is registered on a national securities exchange to file reports of his securities holdings and transactions with the Securities and Exchange Commission ("the Commission"). At present such a requirement extends only to beneficial holders of more than 10 per cent. The bill would also amend section 16(a) of the Act to provide that the term person therein shall be deemed to include two or more persons acting as a partnership, limited partnership, syndicate, or other group formed for the purpose of acquiring, holding, or disposing of securities of an issuer.

Section 2 of the bill would amend section 10 of the Act by adding proposed new section 10(c), which would prohibit any person, persons acting as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of an issuer from

1. acquiring or increasing his or their beneficial ownership to more than 5 per cent of any class of any equity security registered on a national securities exchange, or

2. making a cash tender offer or requesting or inviting tenders for cash of such a security which, if consummated, would result in such person or persons owning more than 5 per cent of such security,

without mailing to the Commission and the issuer of the security at least twenty days before the acquisition or solicitation of tenders a statement containing such information as the Commission shall prescribe in the interest of full disclosure and for the protection of investors, including but not limited to information regarding

1. the background and identity of the purchasers,

2. the source of the funds used or to be used to acquire shares, and if the funds are borrowed, a description of the loan transactions and the names of the parties thereto,

3. the purpose of the purchases or prospective purchases,

4. the number of shares beneficially owned by such person and by each associate,

5. the dates and prices of prior purchases and the identity of the broker-dealer through whom the purchases were made or through whom the purchases are to be made,

6. the dates and amounts of short sales made during the period the stock was acquired, identifying the broker or dealer through whom such transactions were made,

7. detailed information as to any contracts, arrangements, or understandings with identified persons with respect to any securities of the issuer, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guaranties against loss or guaranties of profits, division of losses or profits, or the giving or withholding of proxies.

The bill would also require filing with the Commission and transmittal to the issuer of an amendment in the event of any material change in the facts as originally disclosed.

The bill would further provide (proposed section 10(c)(3)) that for the purpose of determining whether a person is the direct or indirect beneficial owner of more than 5 per cent of a class of any security, the class is deemed to consist of the issued stock except that owned by the issuer or held for its account.

The bill would also provide exemptions (proposed section 10(c)(4)) for

1. any acquisition or offer to acquire securities made or proposed to be made by means of a registration statement filed under the Securities Act of 1933 or of a proxy statement subject to section 14 of the Securities Exchange Act,

2. any acquisition or proposed acquisition which, together with all other acquisitions by the same person of securities of the same class during the preceding twelve months, does not exceed 2 per cent of the outstanding securities of the issuer, exclusive of securities held by or for the account of the issuer,

3. acquisitions by the issuer of its own securities, and

4. any acquisition or proposed acquisition exempted by the Commission as not entered into for the purpose of, and not having the effect of, changing or influencing the control of the issuer or otherwise as not comprehended within the purposes of the proposed bill.

Finally, proposed section 10(c)(5) would make it unlawful for an issuer to purchase its own shares in contravention of rules and regulations to be prescribed by the Commission in order to provide holders of the securities with information relating to the reasons for the purchase, the source of funds, the number of shares to be purchased, the price to be paid, the method of purchase, and any other information not previously furnished which the Commission deems material to a determination of whether or not holders should sell their securities, or which the Commission deems material in order to prevent fraudulent, deceptive or manipulative acts or practices.

The Commission is in accord with the overall objectives of S. 2731. There are, however, certain areas in which we believe it could be improved both from the standpoint of providing a practical, effective means of accomplishing those objectives and from the standpoint of making the operation of the bill less burdensome to those who would become subject to its provisions. We also have one or two suggestions which are more matters of technique of drafting than of substance but which the Committee might like to consider if it does regard them as improving the mechanics of the bill. Our suggestions follow in the order of the sections of the bill to which they relate. Since our suggested changes are somewhat extensive we have put them in a "Comparative Print" which is attached and to which we refer herein from time to time.

1. Paragraph (1) of the first section of the bill would amend section 16(a) of the Act so as to impose its insider reporting requirements upon the beneficial owner of more than 5 per cent of any class of any equity security whereas those requirements presently apply

only to beneficial owners of more than 10 per cent. This change in section 16(a) would in turn impose short-swing profit liability under section 16(b) on all beneficial owners whose holdings were more than 5 per cent whereas that liability now attaches only in the case of holdings in excess of 10 per cent. This results from the fact that section 16(b) does not contain the "more than 10 per centum" phrase. Instead this section refers back to "such beneficial owner" as set forth in section 16(a) so a change from 10 per cent to 5 per cent in (a) would necessarily carry with it a similar change in (b). It is our understanding that the bill is designed to deal with so-called "take over bids" which is a somewhat different subject than recovery by an issuing corporation of short-swing profits made by its insiders. Accordingly, on the assumption that it is not the intent of the bill to increase the class of insiders who would be subject to section 16(b) short-swing trading liability, the Commission notes that the proposed amendment to section 16(a) would in turn necessitate an amendment to section 16(b), not present in the bill as now drafted, so as to continue to fix insider liability at the level of more than 10 per cent rather than to impose it on beneficial owners between 5 and 10 per cent. It is our suggestion that rather than to have to amend section 16(b) in order to offset the proposed amendment to section 16(a), consideration should be given to not amending either section.

As now drafted S. 2731 imposes the "more than 5 per centum" test in section 2 of the bill as to both the acquisition of beneficial ownership and the making of tender offers. In view of this provision in section 2 of the bill the only additional result which would flow from amending section 16(a) as now provided in the first section of the bill would be to require more than 5 per cent owners to report changes in their holdings on a month to month basis. While such reporting is, of course, highly pertinent to the provisions of section 16(b) its value from the standpoint of the underlying purposes of this bill is less clear. Subparagraph (iv) of section 2 of the bill provides that the issuer and the Commission must be furnished information concerning the number of shares beneficially owned, either directly or indirectly, and amendments must be filed if there are any material changes in the facts as previously reported. Thus it seems unnecessary to impose the month to month reporting requirement under section 16(a) to beneficial owners of more than 5 per cent, rather than 10 per cent, if these persons are not subject to section 16(b) of the Act.

2. Turning to section 2 of the bill we note that it is cast as an amendment to section 10 of the Act which is basically a section granting the Commission rule-making powers in the antifraud area to prevent use of the mails and interstate facilities incident to manipulative and deceptive devices. Furthermore, section 2 of the bill as presently worded would make unlawful through use of the mails or interstate facilities the acquisition of holdings in excess of 5 per cent and tender offers involving more than 5 per cent, in the absence of a 20-day advance notice given to the issuer and a 20-day advance statement filed with the Commission. The Commission suggests that proposed Section 10(c)(1)(A) of the bill, which deals with acquisitions as distinguished from tender offers (which will be discussed later in this memorandum), might better be couched in terms of an amendment to section 13 of the Act, a section dealing with reporting requirements, and be stated in terms of imposing a positive duty to give notice and file statements. Additionally, we would suggest that, in the interest of full disclosure, a copy of the statement be sent to each exchange where the security is traded.

3. Purely as a matter of form we see no reason to designate the paper which would be sent to the issuer as a "notice" and that which would be filed with the Commission as a "statement." We suggest that duplicate original statements go to the issuer, the Commission, and each exchange.

4. The Commission foresees difficulty in requiring 20 days advance notice of a proposed acquisition in excess of 5 per cent and believes that a statement filed not more than 5 days after the acquisition would be less burdensome to beneficial owners who become subject to it. Indeed, we envision some types of situations in which compliance with an advance notice requirement would be impossible, such as acquisitions by inheritance or by gift of which the recipient had no advance notice. We would also suggest that one who obtains the *right* to acquire or increase his beneficial ownership to more than 5 per cent should be made subject to the reporting requirements, in order to reach options or contracts to purchase, which are also relevant to the purposes of the bill.

5. As you will observe from subparagraph (A) on page 2 of our Comparative Print, the commission suggests that it be given rule-making power to require such of the information in the subparagraph numbered (i) through (vii) and such additional information as it deems necessary or appropriate in the public interest or for the protection of investors. The Commission has analogous rule-making authority under sections 7 and 10 of the Securities Act of 1933 to determine what information or documents should or should not be included in a registration statement or a prospectus filed under that Act. Similarly, under section 14 of the Securities Exchange Act of 1934 the Commission has been given authority to regulate the solicitation of proxies through the adoption of rules and regulations and has done so in its comprehensive Regulation 14A, the proxy rules.

6. Subparagraphs numbered (i) through (vii) in section 2 of the bill set forth certain matters which would be required to be contained in the statement to the issuer, the Commission, and each exchange. In the main these subparagraphs call for information which would appear to be pertinent and not unduly burdensome to supply and not subject to any reasonable objection that any harm would come from including them in the statement. The Commission would suggest, however, a revision of the latter part of subparagraph (i) which we believe would simplify the language and clarify its meaning while leaving the substance undisturbed. The proposed change appears in the Comparative Print. The Commission would also suggest that subparagraph (ii) require, in addition to the "*source* of the funds," the *amount* thereof, and that the words "or other consideration" be added to the subsection immediately following the word "funds" in both places. The amount of the funds is relevant to the purposes of the bill, and the addition of the words "or other consideration" would make it clear that purchases or prospective purchases involving an exchange are intended to be covered. The Commission would also suggest that the first word of subparagraph (iii) should be "if," that the word "is" should be inserted after the words "prospective purchases" and that the words "and, if made" at that point should be deleted. Such changes would appear to make the information to be required thereunder more directly relevant to the problem of corporate takeovers. The Commission also suggests that subparagraph (iv) be amended to include information of the number of shares concerning which there is a right to acquire. This is merely in line with a previous suggestion in paragraph 4 above.

The Commission suggests that subparagraphs (v) and (vi) should be deleted. (v) would entail disclosure of the relationship between brokers and their customers under circumstances which brokers would undoubtedly feel did not justify having the identity of their customers made public. (vi) is probably unnecessary as beneficial owners of more than 10 per cent of a registered security are already prohibited by section 16(c) of the Act from making short sales and persons owning less than 10 per cent appear to be rather unlikely to resort to short-sales as a technique to accomplish acquisitions or take-overs. If, however, experience should prove otherwise the Commission could adopt rules and regulations to require such disclosure in accordance with the rule-making power which is suggested be granted in this section.

The provision at the bottom of page 4 of the bill dealing with amending the statement to disclose any material changes is an important and necessary part of the bill. We think it should be amended, however, to provide that a statement be filed with the exchange, as is suggested above with regard to the initial statement. In addition, we believe that the words "appropriate" and "promptly" should be deleted and that the amended statements should be made to comply with rules and regulations to be adopted by the Commission. This would ensure the flexibility necessary to adapt to whatever changes may be indicated by practical experience or by changing circumstances, and would avoid uncertainty as to the meaning of "appropriate" and "promptly" in this context.

7. Paragraph (2) of subsection (c) in section 2 of the bill (top of page 5) would provide in substance that two or more persons acting "as a partnership, limited partnership, syndicate, or other group . . . shall be deemed a 'person' for the purposes of this subsection." There is a like provision earlier in the bill as a part of the proposed amendment of section 16(a) of the Act but we did not comment upon it at that point in view of our suggestion that perhaps the portion of S. 2731 which would amend section 16(a) should be deleted. This provision is in effect an amendment to or an enlargement of the existing definition of "person" in section 3(a)(9) of the Act, though its impact at this point in the bill would be limited to the particular subsection (c) in which it is contained. Moreover, insofar as it refers to a "partnership" this provision is duplicative of the present section 3(a)(9) definition. As a matter of drafting technique, particularly to keep all definitions of terms in one section of the Act, namely, the present section 3(a), instead of scattered through subsequent amendments to other sections of the Act, we believe that the proposed subsection (c)(2) should be eliminated. The term "syndicate or other group" can be defined by the Commission, pursuant to its power under section 3(b) of the Act, as included within the meaning of "unincorporated organization," which is one of the meanings given to the word "person" in section 3(a)(9) of the Act.

8. Proposed subsection (c)(3) of the bill would provide that in determining what constitutes more than 5 per cent of a class of a security, such class should be deemed to consist of "the amount of such class which has been issued . . ." The Commission suggests that the quoted clause be changed to read "the amount of the outstanding securities of such class." This suggested change is more precise and more consonant with terminology found elsewhere in the bill including a provision in the next paragraph ((4)(B)) that the "the term 'outstanding securities of a class shall not include securities of the class held by or for the account of the issuer." The Commission also suggests and has inserted in its Comparative Print at this point ((*d*)(2)) a reference to pro-

posed section 14(d)(1) of its Comparative Print, dealing with tender offers, the purpose of which is to avoid the necessity of repeating in that section the conditions under which a person will be deemed a beneficial owner of more than 5 per cent of a security.

9. The Commission suggests that the introductory phrase of proposed subsection (c)(4) be revised and has done so in its Comparative Print ((*d*)(*3*)) to make clear that the various exemptions detailed there also apply to tender offers under proposed section 14(d). Under proposed subsection (c)(4)(A) these exemptions would include, among other things, acquisitions made by means of "a proxy statement subject to section 14 of this title." It is the Commission's view that the quoted language should probably be deleted. It is largely superfluous in that the provisions of proposed subsection (c) would seldom be germane to matters having to do with proxy statements which come within section 14 of the Act. Moreover in such rare exceptions as might arise, it is conceivable that it would be desirable to have the provisions contained in proposed subsection (c), as well as the provisions in the present section 14 of the Act, apply to the situation. At least it is difficult to conceive of a situation in which such application would be undesirable.

10. Proposed subsection (c)(4)(B) exempts from the bill any acquisition or proposed acquisition which, together with all other acquisitions during the preceding twelve months, does not exceed 2 per cent of the "outstanding securities of that class." The Commission suggests that the quoted clause be changed to read "outstanding securities of that class at the time of the acquisition." This suggested change makes clear that the 2 per cent is to be computed at the time of the acquisition or proposed acquisition.

Finally, the Commission notes that the last paragraph of the bill, subsection (c)(5), redesignated in the Comparative Print as (*e*), deals with a somewhat different subject than the rest of the bill but a subject which is closely related. This paragraph would give the Commission rule-making power in the area of issuing corporations purchasing their own equity securities, the rules thereunder being designed to provide existing holders of such equity securities with information on various matters "which the Commission deems to be material to a determination as to whether or not such securities should be sold, or in order to prevent such acts and practices as are fraudulent, deceptive or manipulative." It should be noted that under Section 10(b) of the Act the Commission has general rule-making authority to prohibit corporations from purchasing or selling their own shares in a manipulative or deceptive manner. Thus we assume that subsection (c)(5) of the bill is not in derogation of the Commission's power under section 10(b), but rather is intended to expand that power by enabling the Commission to adopt rules and regulations which will have a beneficial and prophylactic effect and which are designed to prevent, through appropriate disclosure, fraudulent or deceptive practices from occurring.

Purchase by issuers of their own shares can have a serious effect on the market and may be unfair to existing shareholders. Accordingly, the protections in subsection (c)(5) of the bill appear to be an appropriate counterpart to the protections preventing deceptive or unfair practices in attempts by others to take over from existing management. The Commission is accordingly in favor of this portion of the bill, although it proposes certain rearrangements of the language not affecting the substance of the section but rather giving the Commission more flexibility in requiring disclosure. We refer the Committee to sub-section (*e*) on page 6 of the Comparative Print where the proposed changes appear.

11. Turning back to that part of section 2 of the bill, (c)(1)(B), which deals with tender offers the Commission believes that it would be appropriate to place these matters in section 14 of the Securities Exchange Act of 1934, the proxy section, and incorporate in the proposed statute administrative machinery to handle tender offers similar to the Commission's proxy rules. We refer the Committee to page 7 of the Comparative Print where, under proposed section 14(d)(1), the language of the bill dealing with tender offers is placed. The Commission suggests the deletion of, and has deleted in its Comparative Print, the word "cash" wherever it appears on the ground that there does not seem to be any reason for excluding from the reach of the statute tender offers for the exchange of stock or other consideration.

The Commission also believes that the requirement of a 20-day advance notice to the issuer and the Commission is unnecessary for the protection of security holders to whom such offers would be directed and suggests instead that 5 days prior to the making of a tender offer notice be given to the Commission in a confidential statement. Such statement should contain such of the information contained in the statement dealing with acquisitions and such additional information as the Commission by rules and regulations may prescribe. The Commission also suggests a provision for filing additional soliciting material with the Commission at least two days prior to the time copies of it are sent to security holders. The Commission should also be given similar rule-making power with respect to the content of such statements. Under the Commission's proposal all copies of such preliminary statements would be clearly marked "Preliminary Copies" and definitive copies of all statements, in the form in which they are furnished to security holders, would then be filed with the Commission and sent to the issuer at the same time they are furnished to security holders. The Commission also suggests that any request or invitation or advertisement making a tender offer should itself be a part of the statement filed with the Commission and should contain such of the information contained in the statement as the Commission may by rules and regulations prescribe. This would assure that stockholders to whom written tender offers are made or who may read newspaper advertisements concerning such offers would have immediately available to them information from the statement, and any additional information which is deemed to be pertinent to arriving at an informed judgment on whether to sell or to retain their stock in the subject corporation. Finally, the Commission would be given discretionary authority to shorten the five-day and two-day time periods.

12. The Commission suggests, as proposed section 14(d)(2), that any solicitation or recommendation to security holders to accept or reject a tender offer should be made in accordance with the Commission's rules and regulations. This proposed section would provide the Commission with authority to regulate the manner and content of any opposition to or support for a tender offer. In order to place opponents of tender offers on a more nearly equal footing with proponents, the Commission contemplates the adoption of a rule similar to Rule 14a–12 under the proxy rules whereby opponents would be permitted, subject to certain conditions, to send out preliminary countersoliciting material almost immediately upon learning of the tender offer. There would, of course, be a rule requiring that all such preliminary countersoliciting material be filed first with the Commission for its review and that definitive countersoliciting material containing prescribed information be sent to security holders at the earliest practicable time thereafter.

13. The Commission suggests, as proposed section 14(d)(3), a provision that securities deposited pursuant to a tender offer may be withdrawn by the depositor at any time within the first seven days from the tender offer and at any time after 60 days from the date of the original offer except as the Commission prescribes otherwise. The purpose of the seven day provision is to afford time for those opposed to the tender offer not only to dissuade security holders from depositing their stock but also to convince them to withdraw it if already deposited. The 60-day time limitation is provided in order that investors may not have their securities tied up indefinitely while the offeror makes up his mind whether or not to accept them or seeks to obtain additional tenders before acting. The Commission is given rule-making power in view of the fact that in some situations the 60-day limitation might prove unnecessarily restrictive for bona fide offers.

14. The Commission suggests, as proposed section 14(d)(4), that where tender offers are made for less than all the outstanding equity securities of a class and more securities are deposited than the offer calls for, the securities will be taken up on a pro rata basis according to the number of securities deposited by each holder. We believe that a provision of this kind would be more fair to all security holders and would discourage hasty, ill-considered action by some who would assume otherwise that priority in the time of deposit would control.

15. The Commission suggests, as proposed section 14(d)(5), that where the terms of a tender offer are changed by increasing the price or other consideration to be paid for the securities, all holders should be given the increased consideration for their securities whether their securities have been taken up prior to the change or not. The purpose of this provision is to remove a purely fortuitous factor from the calculation of the amount security holders should receive for their securities by assuring them of the same price for their securities regardless of when they are taken up, and to avoid the discriminatory effect of paying some holders more than others, since security holders tendering their shares pursuant to a tender offer normally assume that all tendering security holders will receive the same price.

16. The Commission suggests, as proposed section 14(d)(6), a requirement that neither persons making or soliciting tender offers nor management or any other person who might circularize or solicit shareholders in opposition to or in favor of any such offer shall in connection therewith make any false, deceptive or misleading statement or omit to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or engage in such acts and practices as are fraudulent, deceptive, or manipulative. The Commission believes that a provision such as this presents an additional protection, beyond the rule-making power suggested in other parts of the bill, against possible dissemination of inaccurate or incomplete information or fraudulent acts or practices by persons who make or invite tender offers and affords a more practical means of preventing inaccurate or incomplete persentations or fraudulent acts or practices by persons opposing or favoring such tender offers than would be provided by additional rule-making power with respect to acts and practices of such persons or to materials emanating from them in their efforts to get existing shareholders to accept or not to accept tender offers. This would appear to be especially true in view of the shortness of time for such persons to act after the tender offer is made and the fact

that possible grounds for opposing or favoring varying types of tender offers are so wide and unpredictable in scope as to make it a difficult area to deal with on a rule-making basis.

COMPARATIVE PRINT, S. 2731, 89TH CONGRESS, 1ST SESSION

A bill providing for fuller disclosure of corporate equity ownership of securities under the Securities Exchange Act of 1934

(Words to be added to the bill are in italics; words to be deleted are in black brackets.)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [That section 16(a) of the Securities Exchange Act of 1934 is amended—]

[(1) by striking out "10 per centum" and inserting in lieu thereof "5 per centum"; and]

[(2) by adding at the end thereof a new sentence as follows: "When two or more persons act as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of an issuer, such syndicate or group shall be deemed a 'person' for the purposes of this section."]

[SEC. 2.] *That* Section [10] *13* of the Securities Sxchange Act of 1934 is amended—

(1) By adding at the end thereof a new subsection as follows:

["(c)](*d*)(*1*) [Except as otherwise herein provided, it shall be unlawful for any person, directly or indirectly,] *Every person, who* by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, *directly or indirectly*—

["(A) to acquire] *acquires or obtains the right to acquire* the beneficial ownership of, or increases *or obtains the right to increase* his beneficial ownership to, more than 5 per centum of any class of any equity security which is registered pursuant to section 12 of this title *shall, within five days after such acquisition, or the obtaining of such right to acquire, send to the issuer of the security at its principal executive office, by registered or certified mail, send to each exchange where the security is traded, and file with the Commission, a statement as herein below described.* [or]

["(B) to make a cash tender offer for, or a request or invitation for tenders for cash of, such a security which, if consummated, would result in such person owning beneficially more than 5 per centum of such security,]

[until the expiration of twenty days after such person has sent to the issuer of the security at its principal executive office, by registered mail, a notice, and has filed with the Commission a statement, each of which]

(*A*) *Each such statement* shall contain such *of the* information *specified in subsections (i)-(v) of this section, and such additional information,* as the Commission [shall] *may* by rules and regulations prescribe *as necessary or appropriate* in the *public* interest [of full disclosure and] *or* for the protection of investors. [including but not limited to information regarding—]

"(i) the background and identity of all persons by whom or on whose behalf the purchases [previously effected or] *have been or are* to be effected, [have been or are to be made,]

"(ii) the source *and amount* of the funds *or other consideration* used or to be used in making the purchases, and if any part of the purchase price or proposed purchase price is represented or is to be represented by funds *or other consideration* borrowed or otherwise obtained for the purpose of acquiring, holding, or trading such security, a description of the transaction and the names of the parties thereto,

"(iii) *if* the purpose of the purchases or prospective purchases *is* [and, if made] to acquire control of the business of the issuer of the securities or to obtain representation on its board of directors, the plans of such persons with respect to the conduct and continuation of the business of such issuer,

"(iv) the number of shares of such security *which are* beneficially owned, *and the number of shares concerning which there is a right to acquire,* directly or indirectly, by (a) such person, and (b) by each associate (as defined in the rules and regulations of the Commission under this Act) of such person, giving the name and address of each such associate, *and*

["(v) the dates and prices of each purchase of the security theretofore made by such person, and the identity of the securities broker or dealer through whom such purchases were effected, or through whom the proposed purchase is to be effected,]

["(vi) the dates and amounts of any short sales (as defined in rule 3b-3 under this Act) with respect to such security effected by or on behalf of such person during any period in which he has acquired any of the shares, identifying the broker or dealer through whom such purchases were made, and]

["(vii)] "(*v*) information as to any contracts, arrangements, or understandings with any person with respect to any securities of the issuer, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guaranties against loss or guaranties of profits, division of losses or profits, or the giving or withholding of proxies, naming the persons with whom such contracts, arrangements, or understandings have been entered into, and giving the details thereof.

(*B*) If any material change occurs in the facts set forth in the [notice] *statements* to the issuer *and the exchange* and *the* statement filed with the Commission, an [appropriate] amendment shall be transmitted [promptly] to the issuer *and the exchange* and shall be filed [promptly] with the Commission[.] *in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.*

["(2) When two or more persons act as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of an issuer, such syndicate or group shall be deemed a 'person' for the purposes of this subsection.]

["(3)] (*2*) In determining, for purposes of this subsection *and of section 14(d)(1) of this title,* whether a person is the beneficial owner, direct or indirect, of more than 5 per centum of a class of any security, such class shall be deemed to consist of the amount of *the outstanding securities of* such class, [which has been issued,] exclusive of any securities of such class held by or for the account of the issuer.

["(4)] (*3*) The provisions of this subsection *and of section 14(d) of this title* shall not apply in respect of—

"(A) Any acquisition or offer to acquire securities made or proposed to be made by means of a registration statement under the Securities Act of 1933. [or of a proxy statement subject to section 14 of this title.]

"(B) Any acquisition or proposed acquisition of a security which, together with all other acquisitions by the same person of securities of the same class during the preceding twelve months, does not exceed 2 percent of the outstanding securities of that class *at the time of the acquisition.* As used herein the term "outstanding securities" of a class shall not include securities of the class held by or for the account of the issuer.

"(C) Any acquisition of an equity security by the issuer of such security.

"(D) Any acquisition or proposed acquisition of a security which the Commission, by rules or regulations or by order, shall exempt from the provisions of this subsection as not entered into for the purpose of, and not having the effect of, changing or influencing the control of the issuer or otherwise as not comprehended within the purposes of this subsection.

["(5)] (*e*) It shall be unlawful for any issuer to purchase any equity security which it has issued [in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors in order to provide the] *unless it provides* holders of equity securities of such class with *such* information relating to the reasons for such purchase, the source of funds, the number of shares to be purchased, the price to be paid for such securities, the method of purchase, and [any other] *such additional* information, *as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors,* [including financial information not previously furnished to the holders of such security] or which the Commission deems to be material to a determination [as to] whether [or not] such security should be sold, or in order to prevent such acts and practices as are fraudulent, deceptive, or manipulative."

Sec. 2. That section 14 of the Securities Exchange Act of 1934 is amended by adding at the end thereof new subsections as follows:

(d)(1) It shall be unlawful for any person, directly or indirectly, by the use of the mails or by any means or instrumentality of interstate commerce or of any facility of a national securities exchange or otherwise, to make a tender offer for, or a request or invitation for tenders of, any class of any equity security which is registered pursuant to section 12 of this title which, if consummated, would result in such person owning beneficially more than 5 per centum of such security, unless five days prior to the making of such tender offer or request or invitation for tenders, such person has filed with the Commission a statement containing such of the information specified in section 13(d)(1)(A) and (B) of this title, and such additional information, as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors. All requests or invitations for tenders or advertisements making a tender offer or requesting or inviting tenders of such a security shall be filed as a part of such statement and shall contain such of the information contained in such statement as the Commission may by rules and regulations prescribe. Preliminary copies of any additional material soliciting or requesting such tender offers subsequent to the initial solicitation or request shall be a statement containing such information as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors and shall be filed with the Commission at least two days prior to the date copies of such material are first sent or given to security holders. All copies of preliminary statements filed with the Commission hereunder shall be clearly marked "Preliminary Copies" and shall be for the information of the Commission only, except that such statements may be disclosed to any appropriate department or agency of government and the Commission may make such inquiries or investigation in regard to such statements as may be necessary for an adequate review thereof by the Commission. Definitive copies of all statements, in the form of which such material is furnished to security holders, shall be filed with, or mailed for filing to, the Commission and shall be sent to the issuer not later than the date such material is first published or sent or given to any security holders. The time periods contained in this

subsection may be shortened as the Commission may direct.

(d) (2) Any solicitation or recommendation to the holders of such a security to accept or reject a tender offer or request or invitation for tenders shall be made in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

(d) (3) Securities deposited pursuant to a tender offer or request or invitation for tenders may be withdrawn by or on behalf of the depositor at any time until the expiration of seven days after the time definitive copies of the offer or request or invitation are first published or sent or given to security holders, and at any time after 60 days from the date of the original tender offer or request or invitation except as the Commission may otherwise prescribe by rules, regulations or order as necessary or appropriate in the public interest or for the protection of investors.

(d) (4) Where any person makes a tender offer, or request or invitation for tenders for less than all the outstanding equity securities of a class, and where a greater number of securities is deposited pursuant thereto than such person is bound or willing to take up and pay for, the securities taken up shall be taken up as nearly as may be pro rata, disregarding fractions, according to the number of securities deposited by each depositor.

(d) (5) Where any person varies the terms of a tender offer, or request or invitation for tenders before the expiration thereof by increasing the consideration offered to holders of such securities, such person shall pay the increased consideration to each security holder whose securities are taken up and paid for pursuant to the tender offer or request or invitation for tenders whether or not such securities have been taken up by such person before the variation of the tender offer or request or invitation.

(d) (6) It shall be unlawful for any person making or soliciting tender offers, or management, or any person or persons who circularize or solicit security holders in opposition to or in favor of any such offer, to make in connection therewith any false, deceptive or misleading statements, or omit to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or to engage in such acts and practices as are fraudulent, deceptive, or manipulative.

A FURTHER REPORT ON GRAND JURY FINDINGS IN CONNECTION WITH CLEVELAND RIOT

Mr. LAUSCHE. Mr. President, yesterday I discussed the grand jury report of Cuyahoga County dealing with the recent riot in Cleveland. Today I wish to supplement what I said yesterday. Part of my statement today will be a repetition of yesterday's remarks, but in the main it will be supplemental material taken out of the grand jury report.

The following are excerpts from grand jury report filed in Cleveland, Ohio, on August 9, 1966:

This jury finds that the outbreak of lawlessness and disorder was both organized, precipitated and exploited by a relatively small group of trained and disciplined professionals at this business.

They were aided and abetted, wittingly or otherwise, by misguided people of all ages and colors, many of whom are avowed believers in violence and extremism and some of whom are either members of or officers in the Communist Party.

It further notes the presence of many of these same individuals and organizations in another instance of lawlessness and disorder, that on Superior Avenue, which bore many of the striking similarities to the Hough area disorders. It notes the further significant fact that the Superior Avenue episode preceded the Hough area disorders by less than a month. Some of the same people were observed in both places on several nights of the disorders.

It is no casual happenstance or coincidence that those throwing fire bombs or bricks or bottles, or pillaging or generally engaged in disorder and lawlessness were, in the main, young people obviously assigned, trained and disciplined in the roles they were to play in the pattern of these dual outbreaks separated by less than one month.

Nor, by the same token, is it happenstance or even just singular coincidence:

1. That the overall pattern for fire-bombing and destruction to both the Superior and Hough areas was so highly selective;

2. That the targets were plainly agreed upon;

3. That certain places were identified to be hit and that certain other places were similarly spared.

Lewis Robinson has been affiliated with the Freedom Fighters of Ohio, the Medgar Evers Rifle Club which he helped to found, the JFK House of which he is the ultimate head, the Deacons for Defense and the Revolutionary Action Movement. All of these . . . are black nationalist clubs . . . Harlell Jones is affiliated with the JFK House, the Medgar Evers Rifle Club, the Revolutionary Action Movement. He is vice president of Deacons for Defense.

Along with Lewis G. Robinson, Harlell Jones caused 2,000 pieces of literature to be printed and circulated citing alleged instances of "police brutality" and on the eve of the Hough riots circulated the greatest number of these to youth.

Police agencies presented evidence that Ware-Bey, Robinson and Jones all purchase quantities of rifles and all belonged to the rifle clubs here and in other cities . . . Speeches were made at JFK House advocating the need for rifle clubs and . . . instructions were given in the use of Molotov cocktails and how and when to throw them to obtain the maximum effect.

Further irrefutable evidence was shown to the effect that Robinson pledged reciprocal support to and with the Communist Party of Ohio . . . It was established before the jury that the leaders of the W. E. B. DuBois (club) and the Communist Youth Party, with interchangeable officers and virtually identical concepts, arrived in Cleveland only a few days before the Hough area disorders.

Finally, evidence was presented that UJAMA is an organization dedicated to black power and has begun its efforts to establish itself in the Cleveland area. Their philosophy is that black people should be governed by themselves in every respect and that anything pertaining to the rights of Negroes must be cleared through the central organization of UJAMA, which has flourished in New York and has spread into other places and is embraced locally by Lewis Robinson and his lieutenants at JFK House.

The report says these men moved into Cleveland from Chicago, New York, and Brooklyn and established themselves near "the point or origin of the Hough area troubles. They made swift contact with the J.F.K. House leadership and with the leaders of the Communist Party throughout the Ohio Valley district, including Ohio."

Mr. President, for the purpose of identifying the operations of the J.F.K. House, the grand jury report identifies "the J.F.K. House"—meaning the Jomo Freedom Kenyatta House in Cleveland—as sort of a general headquarters for the rioters. It identifies the J.F.K. House leaders as Lewis G. Robinson and his wife, Beth; Harlell Jones; Elbert D. Ware-Bey; Philip Morris.

FIREARMS CONTROL LEGISLATION

Mr. FONG. Mr. President, on Monday, August 1, 1966, tragedy struck in Austin, Tex. A student at the University of Texas killed his mother and his wife, then mowed down 45 other persons, 13 of whom were fatally wounded. The student, armed with a fantastic array of guns and hundreds of rounds of ammunition, killed and maimed at will for 80 minutes before a brave young police officer was able to stop him.

It is sad and painful to recall the tragic events of that day. If it were possible, I would prefer to forget that such senseless slaughter could occur in the United States. However, it did happen—as the families of the dead and wounded persons know only too well—and we in the Congress have an obligation to limit the chances for a recurrence of such carnage. We cannot turn away from this responsibility.

The Congress now has a mandate from the President of the United States to enact an effective gun-control measure. In a recent speech, President Johnson stated that control of firearms is necessary "to help reduce the unrestricted sale of firearms to those who cannot be trusted in their use."

The Congress has a mandate from the people also. According to the Gallup poll, nearly 75 percent of the American people want some kind of effective gun-control legislation.

Finally, the Congress has a mandate from law-enforcement officers from across the Nation. Last fall, the International Association of Chiefs of Police overwhelmingly voted to support congressional efforts to provide stricter control of firearms traffic. It specifically urged support of S. 1592, which would amend the Federal Firearms Act.

In my home State of Hawaii, the Honolulu Police Department, which protects 85 percent of the population, is pleading for an effective measure to control firearms. Acting Police Chief Yoshio Hasegawa has said:

We must work to see that no one who is mentally deranged or on parole for any kind of violent crime has a gun.

S. 1592, which was approved by the Subcommittee on Juvenile Delinquency and is now pending in the full Judiciary Committee, is definitely the first step toward controlling the indiscriminate sale of firearms. It would limit the number of guns and rifles in the possession of minors and persons with serious criminal records. It would limit the mail-order sale of firearms in interstate commerce unless the purchaser is positively identified.

In essence, S. 1592 is aimed to help stop violence by shooting. It is a meritorious measure that is vital in the fight to contain the criminal use of firearms.

Unfortunately, there are some who oppose S. 1592. They are not persuaded by the President of the United States, nor by the overwhelming consensus of

the American people, nor by the men whose job is to protect all of us. Nor are they persuaded by the preponderance of evidence showing that the ready availability of firearms is a key factor in the thousands of homicides committed each year in the United States.

I respect the views of those opposing this legislation. But it is my hope that by the time S. 1592 is brought to the floor of the Senate, many of them will have come to recognize and acknowledge the need for the control of firearms.

In an attempt to provoke their reconsideration, I respectfully bring their attention to a series of articles condensed from a book entitled "The Right To Bear Arms" by Carl Bakal, a writer and longtime student of the gun laws in the United States. Mr. Bakal's articles, which were written for and syndicated by the North American Newspaper Alliance, appeared in the Honolulu Advertiser during the past week.

I also respectfully request that those who oppose this legislation consider the article, "A Gun-Toting Nation," which appeared in the August 12, 1966, issue of Time.

Mr. President, I ask unanimous consent that all of these articles be printed in the RECORD at the conclusion of my remarks.

There being no objection, the articles were ordered to be printed in the RECORD. (See exhibit 1.)

Mr. President, in his articles, Mr. Bakal sets forth some startling facts. Since the turn of the century, more than 750,000 Americans—men, women, and children—have been killed by firearms. This civilian toll is far greater than the total 530,000 American soldiers who have been killed in battle in every war we have fought since the Revolutionary War.

Today, 50 Americans a day, or 17,000 a year, are killed by firearms. This rate of civilian deaths is three and one-half times greater than the daily casualty list of American servicemen dying in Vietnam.

Thus, while the shootings on the University of Texas campus were sensational, Mr. Bakal painfully reminds us that there were many other Americans who died as a result of the misuse of firearms on Monday, August 1. Regrettably, there have been more deaths since that terrible day, and many, many more in the days that followed.

Mr. Bakal notes that in 1964 there were 9,250 murders committed in the United States. Fifty-five percent, or 5,090, of the murder victims were killed by guns.

Significantly, he added:

> Where guns could be more easily purchased, they were found to play a greater part in murder.

Mr. Bakal cites the effectiveness of the gun lobbies and traces the "unbroken record of failure" of the gun bills which have been introduced in the Congress in the last 10 years. Consequently, Mr. Bakal concludes:

> The world's greatest arsenal of privately owned guns is in the American home.

The article, "A Gun Toting Nation," effectively corroborates the statistics and findings of the Bakal articles. The Time article cites an FBI report which correlated the effectiveness of a gun law with the incidence of homicides in the State.

The FBI report held that "in Dallas, where firearm regulations are practically nonexistent—as throughout all of Texas—72 percent of all homicides were committed with guns" as opposed to "25 percent in New York, where the State's tough 55-year-old Sullivan law requires police permits for the mere possession of handguns."

The Time article concedes that since the killer had not previously had a criminal record, last Monday's tragedy in Austin could not have been prevented even under strict arms-licensing legislation. However, it concludes that a firearms regulation such as that proposed by S. 1592 "would keep guns away from at least some who might misuse them."

It was with this purpose in mind that, as a member of the Judiciary Subcommittee on Juvenile Delinquency, I helped draft S. 1592.

It is with this view that I shall work steadfastly for the enactment of S. 1592 in this session of Congress.

It is with this view that I hope the Congress will accept and pass S. 1592.

Mr. President, it is long past the time for effective controls of firearms. The first step—embodied in S. 1592—must be taken.

I respectfully urge the Congress to act swiftly and favorably upon S. 1592.

EXHIBIT 1

[From the Honolulu (Hawaii) Advertiser, Aug. 2, 1966]

FIFTY A DAY SHOT TO DEATH IN GUN-HAPPY AMERICA

(Ever since the assassination of President Kennedy, Americans have become increasingly aware of the easy accessibility of guns. The country is virtually an armed camp, with—according to a recent Gallup poll—at least one gun in the possession of every other American household. And the guns are being used, at the rate of 17,000 fatal shooting a year. This is the first of a series of articles condensed from the new book by Carl Bakal, "The Right To Bear Arms," published by McGraw-Hill. Bakal, a longtime student of America's gun laws, explores the extent of the problem and tells what is being done—and not done—about it.)

(By Carl Bakal)

NEW YORK.—A strange and peculiar American plague has long swept our land—a plague of guns. Every year, guns, or firearms, claim more and more lives in this country.

Since the turn of the century, the plague has brought death to the astonishing total of more than 750,000 Americans—men, women, and children—a figure based on official, though incomplete, government records. Where complete records available for the years since 1900, and any records at all for the earlier year of our republic, the nation's cumulative toll of firearms fatalities would run into the millions.

But even the figures we do have for the past 60-odd years represent a civilian toll far greater than the 530,000 Americans killed in battle in all of our wars—from the start of the Revolution through the current conflict in Viet Nam. In no other country of the world do so many people kill and maim each other—and themselves—with firearms.

The fatal shootings in our streets, in our homes, and in other public and private places now continue at the rate of 17,000 a year—or nearly 50 a day.

A robbery occurs in the United States every five minutes. Many involve the use of guns and result in the injury and death of robbers, victims, policemen and others who happen to get in the way.

Here are stories that made newspaper headlines on just one day not too long ago:

In Brooklyn, N.Y., Walter Newling missed death by inches as he was grazed by bullets when he grabbed for one of four gunmen who were making off with his company's $12,000 payroll.

In Wilmington, Del., Thomas H. Winsett was indicted for the shotgun slaying of State Trooper Robert A. Paris, who had caught Winsett and two accomplices with a carload of stolen goods at a motel.

In Los Angeles, factory worker and part-time photographer Richard Claborn fretted over $20 he thought he was owed for some pictures taken for Louis Sanders, an advertising salesman. Sanders paid, then stopped the check.

"Lou's going to be awful sorry he didn't give me the $20," Claborn told Mrs. Sanders just before gunning down her husband in his office with a 30–30 caliber deer rifle.

In Atlanta, Everett Gross was shot to death during an argument with two men; one had taken offense at the slapping of his 7-year-old daughter.

In Denver, Shiro Matsuno died of a gunshot wound inflicted by another citizen who charged that Matsuno had hit him first—with a snowball.

In Santa Rosa, Calif., John K. Naumann, an 80-year-old retired tool and die maker, exercising his so-called constitutional right to keep and bear arms, impulsively whipped out a pistol to kill his wife, Hedwig, age 78. Naumann harbored the belief—later described as "illusional"—that she was conducting an affair with an elderly next-door neighbor.

In a Miami hospital that day was 2-year-old Dwayne Saunders, struck in the head by a bullet discharged by his 4-year-old brother James from a .22 caliber revolver discovered in Daddy's dresser drawer.

Mother had stepped over to a neighbor's while the two boys and their 6-month-old brother supposedly were asleep. Fortunately, the bullet, though it traveled three inches under Dwayne's scalp, did not penetrate his skull.

And so it went. The names are real. The incidents described did happen. The day was fairly typical of any of the others in which guns now claim, on the average, nearly 50 lives, or about one every half-hour.

However, one incident that took place on that day shook the world. On that day—Nov. 22, 1963—a President of the United States was murdered.

With the assassination of John F. Kennedy, the country was shocked into an awareness of the American plague of guns. Bullets had been aimed at seven, and killed four, of our 19 Presidents within the past 100 years. Yet no less real or unimportant to their families are the hundreds of thousands of other victims of firearms.

Why do so many shootings occur here, with fatalities as much as five to 10 times as high as those in other countries?

Why does a civilized society allow deadly weapons to be so readily available to everyone? Why aren't there laws that might prevent at least some of the 50 firearms murders, suicides and accidents that will occur today and tomorrow and the day after tomorrow?

Why the apathy of most people to this firearms epidemic—one that can possibly take even your life?

Why is the subject of firearms control currently one of such seething controversy?

Is the so-called constitutional right "to keep and bear arms" so absolute that it can infringe on an even more fundamental right of people—the right to live?

With the exception of the United States, most civilized countries have laws which make it illegal for anyone to own a firearm without some sort of special permit.

In Britain, for example, you need a certificate from the local police to buy a rifle, pistol or revolver. Since few people—with the exception of farmers, acknowledged hunters and members of shooting clubs—can give any valid reason for wanting these guns such certificates are rarely issued. Even the police do not carry guns routinely. Nor do prison guards or private guards employed by armored car delivery services.

In Britain, the only bodyguards normally armed are those assigned to protect members of the royal family and the prime minister and unlike the situation in guntoting America, one guard is considered sufficient protection per person.

But in "the land of the free," as Lee Harvey Oswald proved all too tragically, the easy accessibility of firearms is a national scandal. Indeed, no other modern nation makes death-dealing weapons so freely and cheaply available. Until Oswald pulled the trigger of his Carcano in Dallas he had not broken a single law—Federal, state, or city—pertaining to firearms.

There are practically no such laws to break. The few existent "laws," though possibly well-intentioned, are either ineffectual or unenforceable—riddled with as many holes as a marksman's target.

Virtually anyone with a few spare dollars who is old enough to walk into a sporting goods store and peer across the counter can buy a rifle or shotgun, with no questions asked. Anyone able to write—a child, ex-convict, drug addict or lunatic—can order some sort of gun by mail—and get it. Oswald did. An untold number of unidentified Oswalds can continue to do so today.

Buying a gun that can be hidden or concealed—that is, a pistol or revolver—may be a little more difficult, but not much. For here again, firearms controls are left to the tolerance of the individual state.

In all but a few states handguns, like shotguns and rifles, also may be bought freely on the open market by practically anyone old enough to carry his purchase out of the store.

Only seven states require you to have a license or permit before you can buy a handgun—Hawaii, Massachusetts, Michigan, Missouri, New Jersey, New York and North Carolina. Some counties of Virginia also require such prior permission before purchase. One state, South Carolina, prohibits the sale of handguns.

Only eight states and the District of Columbia specify a waiting or "cooling off" period, such as 48 to 72 hours, between the time you buy the gun and are allowed to have it. This ostensibly gives the local constabulary the chance to check the buyer's credentials, or allows the heat of passion prompting a purchase to subside.

Without specifying such waiting periods, other states delegate judgment of the customer's condition, character and other qualifications to the gun salesman.

In all fairness, it should be said that most states prohibit the sale or delivery of firearms to those below a certain age, or at least to those who look below a certain age. Nine states have no minimum age requirements at all.

If you don't care to show your face at your friendly neighborhood arms dealer—or perhaps would like some choice, cheap or condemned gun not available or allowed locally—you can always order a gun by mail.

Aren't there any Federal laws against this sort of thing? Not really. The two main Federal laws dealing with firearms are antiquated and impotent travesties, enacted in the gangster era of the 1930s and virtually unchanged since then.

The senior statute—the so-called National Firearms Act, vintage 1934—may be aptly named in that it is "national" but the "firearms" in its title is merely a loosely used euphemism. The National Firearms Act does not even touch pistols, revolvers, shotguns and rifles.

It is aimed simply at the special weapons used by highly publicized gangsters of the 1920s and 1930s. The act prohibits the interstate and foreign shipment of all machine-guns and other automatic weapons (those firing more than one shot with a single pull of the trigger), except those registered with the Treasury Department.

To keep these to a minimum, a virtually confiscatory tax of $200 must also be paid every time each such gun is sold or changes hands. The law also places similar restrictions on the sale or transfer of sawed-off rifles and shotguns (those with barrels less than 16 and 18 inches long, respectively) and any mufflers and silencers.

The second Federal law—the 1938 Federal Firearms Act—prohibits the interstate shipment of all firearms to or by convicted felons, people under indictment and fugitives from justice. It also requires that firearms manufacturers, dealers, importers and others doing business across state lines have a Federal license.

The act largely affects the seller, rather than the recipient of these arms, but without specifying how old or young either must be. It makes no mention of minors. Needless to say, the law does not inhibit anyone from ordering a gun and getting it.

[From the Honolulu (Hawaii) Advertiser, Aug. 3, 1966]

LOBBY SHOOTS GUN BARS DOWN

(Why do so many shootings occur in the U.S., with fatalities as much as five to 10 times as high as those in other countries? Following is the second in a five-part series condensed from the new book, "The Right to Bear Arms," by Carl Bakal.)

(By Carl Bakal)

NEW YORK.—In what must now surely rank as one of the most ironic footnotes to history, then Sen. John F. Kennedy rose in the Senate on April 28, 1958, to introduce a bill that would have barred from this country the gun that was to kill him five years later.

The bill sought to "prohibit the importation or re-importation into the United States of arms or ammunition originally manufactured for military purposes." Its special target was the gun being imported in greatest number—the 6.5-mm. Mannlicher-Carcano carbine, an early World War II version of a venerable series of short, bolt-action Italian military rifles first conceived in 1891.

The Kennedy bill was given the number S. 3714, was read twice, referred to the Committee on Foreign Relations and seemed to have every chance of success. For shortly before, a companion House measure sponsored by Rep. Albert P. Morano of Connecticut had been favorably reported from the House Foreign Affairs Committee by a vote of 26 to 0.

That both bills came to naught may occasionally stir the collective conscience of one of the nation's most powerful, yet least known, lobbies—the National Rifle Assn. (NRA), which is headquartered within gunshot of the White House in a gleaming, glass-and-marble $3.5 million structure with a rifle and pistol range in the basement.

Purporting to speak for the nation's estimated 30 million gun owners, the 700,000-member organization has opposed and managed to scuttle virtually any legislation seeking to impose sensible controls on the availability, sale and use of the firearms in the United States.

In the NRA's view, almost all gun laws are bad laws. To promulgate this dogma, the NRA has for nearly 40 years conducted one of the most intensive and imaginative lobbying operations witnessed in Washington. It also has been hard at work in state capitals and county and city legislatures.

Encrusted with respectability and a self-applied patina of patriotism, the NRA has propagated the myth that any control of firearms by law would infringe on the so-called constitutional "right to bear arms."

What prompted Kennedy's interest in 1958 in a law limiting the importation of foreign military firearms were neither mysterious prognostic powers nor any great humanitarian concerns.

The Senator rested his case solely on economic grounds. The influx of foreign guns, he said in his short speech to the Senate at the time he introduced his bill, had "helped spoil our domestic market"—particularly that of the firearms manufacturers located in his home state. Massachusetts is the base of operations of names known to every gun owner—Savage Arms, Smith & Wesson, Harrington & Richardson, Noble, and Iver Johnson.

Domestically produced rifles, though far superior in quality, could scarcely compete with the surplus weapons from all over the world. In addition to the Italian Carcanos, there were British Enfields, German Mausers, Norwegian Krags, and Swedish, Belgian and other foreign military cast-offs.

In many cases, these rifles cost their importers less than $1 apiece. Add the average import duty of 52 per cent and their cost still came to as little as $2. The guns eventually sold in America for as little as $12 or $13 and this price still permitted a handsome profit for the importer, dealer or any other middlemen concerned.

Although exact figures are unavailable, it is estimated some five million—perhaps as many as seven million—foreign weapons, old and new, poured into this country from 1959 through 1963. Today the United States is the dumping ground for about 75 per cent, and according to some estimates, for as much as 90 per cent, of the world's war-surplus weapons.

Why? Because few other nations would have them. Indeed, nowhere but in America is there such a fascination for firearms. And nowhere in the world are they so readily available, legally, to almost anyone.

Purchasing firearms by mail has assumed the dimensions of a multi-million-dollar business, largely in relatively cheap, unsafe weapons. There are said to be at least 400 mail-order houses dealing in such weapons.

To reach buyers, dealers use gun and cheap crime and sex and sensation pulp magazines, newspapers and catalogs. The moral caliber of many of these dealers and of the customers they seek can be detected fairly easily by the lurid prose of the advertising message, which apparently is aimed at the thrill-bent, the sadist and the highly impressionable adolescent.

Gun advertising is at its most uninhibited in the various mail-order catalogs. A Hy Hunter catalog and "Training Manual" devotes all its 64 pages to "that deceptively cute little gun known as the derringer." Hunter points out that his weapon was potent enough to polish off "two of our country's Presidents, Abraham Lincoln and William McKinley." The catalog features violence and physical combat—and throws in a dash of sex for good measure.

Here's another ad:

"U.S. 60 mm. morter (sic): Complete with bipod and base plate, etc. An ideal item for your den or front lawn. Can be easily packed into trunk of any automobile. This is the perfect tool for 'getting even' with those neighbors you don't like. Perfect for demolishing houses or for back-yard plinking on Sunday afternoon. We offer these hard-shooting Morters (sic) at the popular price of $49.95 each."

Nearly a million guns are imported and two million more are made and sold annually in this country. It is estimated, although no one really knows, that there are more than 50 million privately owned guns in the United States today. Some estimates place the figure at 200 million, and one as high as a billion.

There can be no question that the world's greatest arsenal of privately owned guns is in the American home.

[From the Honolulu (Hawaii) Advertiser, Aug. 4, 1966]

MINUS SIDE OF AMERICA: NO ONE CAN TOUCH US IN CRIME

(By Carl Bakal)

NEW YORK—In addition to boasting the world's greatest private arsenal of small arms, the United States also can claim the dubious distinction of being perhaps the most lawless nation on Earth.

Our incidence of crime is probably unmatched anywhere, except in such traditional centers of violence as Ceylon and the hot-blooded Italian provinces of Sardinia, Sicily and Calabria.

During 1964, we set an all-time record of 2,604,400 serious crimes, or five every minute.

The FBI crime clock ticked off one murder, forcible rape or assault to kill every 2½ minutes, one robbery every five minutes, one burglary every 28 seconds, one larceny ($50 and over) every 45 seconds and one auto theft every minute.

A murder took place every hour. There were 57 policemen murdered in the line of duty and one of every 10 was assaulted. Since 1958 the nation's crime rate has increased 44 per cent and has been growing six times faster than our population. FBI Director J. Edgar Hoover has estimated the annual cost of crime in the United States at $27 billion.

A money value can scarcely be placed on that most heinous of crimes, murder. In a cold, statistical sense, known murders in the United States number more than 9,000 a year. There is a murder a day in New York. In Atlanta and Dallas, your chance of being murdered is twice as high as in New York.

You also are probably much safer practically anywhere out of this country than in it. France and Japan have murder rates less than a third of ours, Italy less than a fifth, England only a seventh and the Netherlands about a 16th.

It would be neither fair nor entirely accurate to say that guns cause crime. But there is ample evidence indicating a casual relationship between the ready availability of firearms and the importance they assume in crime statistics. Of the 9,250 U.S. murder victims reported in 1964, more than half—55 per cent, or 5,090—were killed by guns. Where guns could be more easily purchased, they were found to play a greater part in murder.

Not all shootings involve professional killers, crooks, kooks or Klansmen or their junior criminal counterparts. In fact, contrary to a fairly widespread popular belief, most murders are committed by persons who generally are law-abiding.

FBI figures bear out the conclusion that if murder were left only to the hardened hoodlum, our murder rate immediately would drop to a fraction of what it is now. Of the 9,250 willful killings in 1964, only 1,350—or one out of seven—were "felony murders"—that is, those committed during the course of robberies, sex offenses, gangland slayings and other such crimes by persons of known homicidal bent or background, who generally were strangers to the victim.

Outside or inside the family, some of the things over which people quarrel and try to kill each other are almost beyond belief. In Michigan some years ago, a 15-year-old girl was arrested for pulling a gun on another teenager in an argument over which one was entitled to permanent possession of a fan magazine article about Elvis Presley.

In Jersey City, N.J., early in 1965, an apartment house superintendent and two of her sons were shot by a tenant, through the superintendent's closed door, after a spat over the building's hallway lighting.

Even noise can trigger death. A 71-year-old blind Chicago woman shot her husband to death, aiming in the direction of his voice, after he complained about the tapping of her cane and threatened to send her to a home for the blind.

And then there are the accidental shootings—more than 2,200 fatal ones in the United States every year. As with homicide, most of these victims are shot by friends and members of their own family.

Guns account for about half of the more than 20,000 suicides now recorded in this country every year. Some authorities place the figure even higher.

Though many countries have higher overall suicide rates than the United States, our firearms suicide death rate is the highest in the world. In total number, more Americans end their lives with guns than all the people in all the other countries of the world combined.

All in all, 17,000 lives a year—one every half hour—are lost through the murderous, accidental or suicidal discharge of firearms in the United States.

There could be no more shocking example of what can result from the absence of controls on the sale and use of firearms than the murder of President Kennedy in 1963. By a strange irony, only 14 months before the assassination, a Dallas judge declared unconstitutional a city ordinance making it "unlawful to have in one's possession within the city or upon any property owned by the city, any firearms, rifle, revolver, pistol or any other weapon."

[From the Honolulu (Hawaii) Advertiser, Aug. 5, 1966]

KILLING TRIGGERS INDIGNATION AND LOBBY GOES ALONG—FOR NOW

(By Carl Bakal)

NEW YORK.—Slumbering in the Senate of the 88th Congress at the time of the Kennedy assassination was a bill designed to curb the uninhibited traffic in mail-order firearms. Sponsored by Sen. THOMAS J. DODD of Connecticut, the bill was the fruit of nearly two and a half years of toil by DODD's Senate Juvenile Delinquency Subcommittee.

The subcommittee had long been looking into the role of weapons, especially firearms, in juvenile delinquency. In 1959 it had managed to secure passage of a bill outlawing switch-blade knives. In March, 1961, as a result of the large increase in the mail-order gun business, it began a full-scale investigation into the availability of firearms to juveniles.

The bill that finally emerged provided that a mail-order gun purchaser must submit a notarized statement attesting to his criminal record, if any, and stating that he was over 18 and his purchase would not be contrary to his state or local laws.

DODD had introduced the bill in the Senate on Aug. 2, 1963, as an amendment to the Federal Firearms Act. Because it involved the movement of goods in interstate or foreign commerce, the bill was referred to the Senate Commerce Committee. Once there, it was promptly forgotten.

Then came the tragedy in Dallas. In the space of a few seconds on that Nov. 22, Lee Harvey Oswald—with a cheap foreign surplus military rifle purchased under a phony name from Klein's Sporting Goods, a Chicago mail-order house—murdered the President.

On the rifle was a telescopic gunsight which had originated from another mail-order house—Weapons, Inc. of Los Angeles. Less than an hour later Oswald had killed police officer J. D. Tippit with a .38 caliber revolver purchased from still another mail-order house—Seaport Traders, also of Los Angeles.

Public support for stricter firearms regulations—particularly tighter control over the sale of mail-order guns—gathered like a mounting storm. Within a matter of weeks, 17 firearms bills besides the Dodd measure were introduced into Congress. And more than 170 laws were proposed in state capitals.

But the lawmakers had not fully gauged the power of a highly vocal and militant lobby of gun manufacturers and dealers, sportsmen, hunters, gun clubs, and assorted conservation and "patriotic" organizations—spearheaded by the powerful National Rifle Assn.

The NRA is a non-profit, private organization of more than 700,000 gun owners. Its income for 1964 was nearly $4.5 million. Though not even registered as an organization that carries on lobbying activities, the NRA ranks high among the big lobbies in Washington.

It conducts perhaps the most intensive, imaginative, continuing lobbying operation that Washington has ever witnessed. A standard boast of NRA officials is that they can flood Congress with more than 500,000 pieces of mail virtually overnight in opposition to any proposed gun legislation.

The NRA's unparalleled success is indicated by the fact that no Federal firearms law has been enacted in nearly three decades.

The NRA gave lip service to the Dodd bill, perhaps in deference to public opinion or perhaps because of a sense of filial obligation. For the NRA, in fact, had helped beget the bill in its original form. (The original covered only pistols and revolvers; after the assassination, DODD amended his bill to cover all firearms.)

The shock of the assassination thrust the NRA on the horns of a rather delicate dilemma—how to continue to pretend to support the bill, at least until the public passions had subsided and, at the same time, see that it was never enacted.

[From the Honolulu (Hawaii) Advertiser, Aug. 8, 1966]

FIREARMS ACT HAS UNBROKEN RECORD OF FAILURE

(By Carl Bakal)

NEW YORK.—An old political truth holds that the provisions and intention of a given bill are not so important as the men who consider it and the atmosphere in which they function. The National Firearms Act, innocuous though it was, had become law on the strength of the crime wave of its era, and the near-assassination of President-elect Franklin D. Roosevelt back in 1933.

For the following 30 years there was a virtually unbroken record of failure—thanks, in large part to the powerful lobbying efforts of the National Rifle Assn. (NRA).

From 1955 through 1962, some 35 firearms bills were introduced in Congress; none met with any success. During the same period, nearly 2,000 bills were introduced in state legislatures, with only a scattered success here and there. Now, just 30 years after the attempt on the life of FDR, it seemed the time had finally come once more.

A President had been killed with a rifle fraudulently obtained through the mails. Public sentiment strongly favored stricter firearms regulation. And, after weeks of being mired in the Senate Commerce Committee, Senate bill 1975—a proposal by Sen. THOMAS DODD of Connecticut requiring gun purchasers to fill out an affidavit and have it "authenticated by the highest local law enforcement authority in his community"—suddenly sprang to life.

Commerce Committee chairman WARREN G. MAGNUSON announced he was ready to report the Dodd bill to the floor for a

vote and public hearings suddenly were ordered on the measure.

Testimony at the hearings, which opened Dec. 13, 1963, was overwhelmingly against the Dodd bill or, for that matter, any gun legislation. It ranged from the argument that the bill would be ineffective to the seemingly contradictory one that it would disarm the United States.

These sentiments were echoed in a sudden barrage of mail that descended on Congress. "So much mail came in that it was stacked knee-deep in the office," a Dodd aide said.

Hostile correspondents accused DODD, who had labored on his bill for nearly three years, of hasty action. Many cited the cherished Second Amendment, and warned that the bill was part of a Communist conspiracy to disarm America. This was an odd charge to level at former FBI agent DODD, who has been perhaps the most persevering anti-Communist in Congress.

Such a homogeneous outpouring, no matter on what subject, can usually be traced to a single fountainhead, and in this case it was not hard to identify the likely source. For the deluge of mail, apart from reflecting the NRA gospel, had in many instances, the identical language appearing in NRA literature.

On August 11, 1964, the Dodd bill officially was interred when the Commerce Committee, without taking a roll-call vote, decided to defer action on it. MAGNUSON was rewarded with an NRA citation.

As 1964 drew to a close, not a single Federal, state or local law of any consequence had been enacted to register or strictly control the sale of firearms. But the prospects for 1965 looked unusually bright.

Reflecting the recommendations of President Johnson, DODD on March 22 introduced two new bills. One, co-sponsored by Sen. ROBERT F. KENNEDY of New York, would flatly ban the mail-order sale of guns to individuals.

Knowing the fate likely to befall the bill in the Senate Commerce Committee, DODD received permission to have it referred to the Judiciary Committee where he, as Chairman of the Juvenile Delinquency Subcommittee, would be able to preside at the inevitable public hearings.

Meanwhile, on the legislative front, NRA was girding for a giant campaign to defeat the proposed laws. By April 9 a letter was on its way to the NRA's 700,000 members asking them to write letters of opposition to their senators, congressmen and to the President.

The inevitable hearings stretched from May through July. Appearing as a witness, Kennedy denounced the "massive publicity campaign" being waged by the NRA and charged that it had "distorted the facts of the bill and missed thousands of our citizens."

When Congress adjourned in October, however, the Juvenile Delinquency Subcommittee still had taken no action. The measure finally emerged from the subcommittee this spring; it is now bottled up in the Judiciary Committee.

Without an effective Federal firearms law on the books, the death toll from guns continues to mount. What can be done? What is the solution to the gun problem?

Should the private ownership of all, or at least some, firearms be completely prohibited? Could this be done without infringing an opinion as can be mustered I went to Cambridge, Mass., to see one of the nation's leading authorities on Constitutional law—Harvard Law School Prof. Arthur E. Sutherland.

"In our kind of civilization, I can't tolerate any kind of weapon," Sutherland, a much-decorated wartime colonel, told me. "The romantic attachment for guns doesn't go with our urban way of living. In our present crowded society, there is simply no place for guns."

Congress, Sutherland is firmly convinced, has all the power it needs to require the registration or otherwise regulate the possession of all firearms, shotguns, and rifles as well as handguns, and even prohibit the private possession of them.

A serious barrier to any change, however, at least during the foreseeable future, is legislative lethargy. Even more important is public apathy.

Concerned citizens could press the issue by making themselves heard, by writing to their senators and congressmen and to their state and local legislators, by persuading their friends and neighbors to do the same, and by enlisting the aid of their civic organizations.

[From Time magazine, Aug. 12, 1966]

A GUN-TOTING NATION

Charles Whitman may have been unusual in having a dozen guns at his disposal, but he was by no means unique. Americans have always been a gun-toting people. Guns enabled the first settlers to protect and feed themselves in a hostile land, made later colonist a nation of riflemen capable of winning their freedom in the American Revolution. The West was tamed with guns, and frontier justice became synonymous with them. From the nation's earliest days, the gun has been the delight of collectors and sportsmen. Today, the U.S. has the world's largest civilian cache: some 100 million handguns, rifles and shotguns in private hands. Every year, more than 1,000,000 "dangerous weapons" are sold by mail order in the U.S., and another million or so imported.

Behind those numbers is a remarkable dearth of effective legal controls over the purchase and possession of guns. Federal law curbs a few things, such as traffic in machine guns, sawed-off shotguns and silencers, but the regulation of firearms has been left largely to cities and states, which have built a crazy quilt of laws, few of them stringent. Until New Jersey enacted a new gun statute last week, no state (and only Philadelphia among U.S. cities) required police permits for buying, keeping, or even roaming Main Street with a shotgun or rifle. Only seven states and a handful of municipalities require permits for handguns.

Such leniency shows up in crime statistics. The FBI reports that 57% of the 9,850 homicides in the U.S. last year were committed with firearms, and that all but one of the 53 police officers killed on duty were gunshot victims. In Dallas, where firearm regulations are practically nonexistent (as throughout all of Texas), 72% of all homicides were committed with guns *v.* 25% in New York City, where the state's tough 55-year-old Sullivan Law requires police permits for the mere possession of handguns. Says J. Edgar Hoover: "Those who claim that the availability of firearms is not a factor in murders in this country are not facing reality."

Most foreign countries have much stricter controls than the U.S., and some virtually outlaw guns. Given the American passion for guns, however, it would be unthinkable to ban firearm sales outright in the U.S., an action that would eliminate such legitimate uses as hunting, target shooting and, in some cases anyway, self-defense. But the Justice Department, bar associations and most U.S. police officials feel that much tighter gun controls are called for.

The Austin slaughter breathed new life into a bill now before Congress, sponsored by Connecticut's Senator THOMAS DODD, which would 1) severely limit interstate mail-order handgun shipments; 2) limit the inflow of military-surplus firearms from abroad; 3) ban over-the-counter handgun sales to out-of-state buyers and anybody under 21; and 4) prohibit longarm sales to persons under 18. Invoking the "shocking tragedy" in Austin, President Johnson urged speedy passage "to help prevent the wrong persons from obtaining firearms." Of course, recognizing the "wrong person" is not always possible; Whitman would probably have qualified for his guns even under strict controls.

Nonetheless, a good deal of firearm violence could no doubt be prevented. By limiting interstate gun sales, the Dodd bill would strengthen the power of states to enforce their own gun laws. In most states, stiffer controls are needed—minimizing, for example, spur-of-the-moment shootings by providing "cooling-off" periods of several days before anyone can obtain a new weapon, as well as prohibiting all gun sales to criminals and known psychotics. Yet, despite the renewed clamoring for action, it is far from certain that the Dodd bill will be enacted, largely because of the influence wielded by the National Rifle Association, whose 750,000 members lobby vigorously and effectively against most gun-control legislation.

Though some right-wingers condemn gun controls as a Communist plot to disarm Americans, a more common objective is that individual Americans have "a constitutional right to bear arms." Actually, no such absolute right exists. The Supreme Court has held consistently that the right is a collective one. State militias are quite clearly what the Founding Fathers had in mind in drafting the Second Amendment: "A well-regulated Militia being necessary to the security of a free state, the right of the people to keep and bear arms shall not be infringed."

Stricter arms licensing could certainly not prevent the sort of crime perpetrated by Whitman, but it would keep guns away from at least some who might misuse them. Since Americans usually need licenses to marry, drive a motor scooter, run a shop or even own a dog, it is difficult to see why a license to keep a lethal weapon would be any abridgment of their freedom.

THE NATIONAL DIVIDEND

Mr. SMATHERS. Mr. President, I am very pleased to introduce into the RECORD at this time a copy of a speech made by Mr. John H. Perry, Jr., of Palm Beach, Fla., entitled "The National Dividend." Mr. Perry has long advocated a new and different approach to our tax system from that one which we now have. Several years ago I had the privilege, along with the then Vice President of the United States, Mr. Nixon, several prominent economists, and other representatives of our economic community, of reading and introducing for its originality and thoughtfulness a book written by Mr. Perry on this subject which was also entitled "The National Dividend." I place this in the RECORD in the very sincere hope that many Members of the Congress will have an opportunity to read and study and contemplate on this far-reaching idea. Certainly it is worthy of the time and effort given to reading it and studying it because of the stimulation which will result in the thoughts and minds of those who read it. Indeed, most everyone would agree that our tax system is in need of major and drastic overhaul, for as it stands today it is not only complex, overly technical, and difficult far beyond the capability of the average taxpayer to comprehend, but basically it is immoral, it is unethical, it encourages laziness and slovenliness, and it is basically

contrary to our system of free enterprise. This statement which I have just made, I know, sounds dramatic and I am sure there are those who will say it is an overstatement. On the other hand, I cannot help but feel that those who have given our tax system study and thought in recent years would have to agree with my statement. Most of the eminent economists that I know around the country are not satisfied with our tax program. In fact, I do not know of anybody who is. Certainly, I, along with many others, have given it a great deal of thought as a member of the Finance and Taxation Committee. And as a taxpayer, I have a deep and sincere belief that we must do something about our tax system and do it soon. There are 2 illustrations which occurred to me within the last few weeks which point just 2 of the inequities in our tax program, and if I had the time I could give 20; but because these 2 were so directly related to me, and I was once again shaken at the ambivalence and inequity of the system, I think I should recite them to you.

I have in Washington a very good friend who is a lawyer, one of the outstanding lawyers, as a matter of fact, in the Nation. He is diligent, intelligent, and thorough. He has been described as a "lawyer's lawyer," and he handles some of the most complicated legal matters that arise in the Nation. While visiting at my home the other night, he told me of an experience which occurred to him about which he was very happy, but one which he felt, even though he was the benefactor, was not entirely in keeping with fairness and equity. There was a case on which he had been working for approximately 3 years, giving it a great deal of time, 3 and 4 days every week during this period of time. When it finally was brought to a successful conclusion, he breathed a great sign of relief for he had, indeed, burned the midnight oil, researched the case in a most thorough and comprehensive manner. For this monumental work he had submitted a bill of $200,000, which is, of course, a large amount of money, but one in keeping with the nature of the work, the responsibility which he assumed, and the energy and thought which he had put into the solution of the problem. Because he was in a 70-percent tax bracket, he remarked that he had to pay to the Government $140,000 of the $200,000 so that he was able to keep for himself for these 3 years of labor $60,000 or approximately $20,000 a year. At about the time that he started working on the case, one of the junior partners in his firm came to him and stated that he knew of a piece of property out in what was then one of the distant suburbs of the District of Columbia, which the junior partner felt would be a wise investment if several of them in the firm would buy the land. This they agreed to do and my lawyer friend put up approximately $100,000 as his part of the syndicate. This represented a downpayment. The only time he thought of it thereafter was when he was called upon to pay taxes and to make an additional downpayment which was $20,000. This he did for the next 2 years when—about the time that he finished his law case—the law partner came to him in an elated fashion and told him they had sold the property for an enormous profit. They had not even finished paying the total purchase price of the property, but my friend's share of this profit was close to $1 million. Because it was a pure capital gain operation his tax on the $1 million was 25 percent, and so it was possible for him to realize a profit of $750,000 from the sale, less the $120,000 which he had put up.

This profit came to him without benefit of labor or thought or energy, but merely on the sole basis that he had sufficient capital which he could and did invest. Here it was: he had worked for 3 years on a case which in many ways created a new law in a complicated and technical field; he had worked on it as diligently as he had on any case, but because law fees do not get much larger than $200,000, he was unable to charge more than that, and yet he was able to keep only $60,000. On the other hand, because of our tax laws, without hardly lifting a finger he was able to make an enormous sum of $630,000 net profit to him. He recognized that this was not right, nor equitable, nor fair. A system of taxation which allows this type of inequity to result should not be long permitted. Certainly the rewards which a man receives for his diligence, and his energy, and his thought, and his time, should not be taxed as heavily as a reward that he might receive for what amounted to no effort at all, and yet under our tax system this occurs daily.

Another example, which immediately occurs to me with respect to another business friend of mine, occurred just the other day when he sought to purchase a piece of business property which was owned and controlled by a large oil company here in these United States. When my friend approached the representatives of the oil company to discuss with them his desire to make this purchase, he was, after a reasonable length of negotiations, finally told in much candor that the property could in no possible way be as valuable to him, my friend, who was not in the oil business or had no relation with an oil business, as was the property to the oil company. When my friend asked why, he was then told that if he took the property as an individual and he was in the 60-percent bracket, the property would bring in $500,000 a year; that my friend would have to pay as an individual owner 60 percent of the income to the Federal Government. In other words, he could keep $200,000 of the $500,000. On the other hand the oil company which owned the property, because of its ability to lump this property in with its oil property and somehow to take advantage of the 27½-percent depletion allowance granted to all oil companies, this oil company could then keep and spend every dollar returned to the parent company from this nonoil related property. In effect, the oil company would pay no tax whatsoever on that property's income. This obviously is not fair, nor defensive, under any system of taxation which calls itself representative or fair.

I am very pleased about the fact that the chairman of the Finance Committee, the distinguished junior Senator from Louisiana, has offered a plan which is calculated to eliminate many of the inequities and advantages to some few which now exists in our tax laws. His proposal has stimulated a great deal of thinking, and I know moves in the right direction. It is this kind of constructive thinking on the part of the Senator from Louisiana, as well as Mr. John Perry, whose "National Dividend" idea I present for the RECORD today, which I think will start the pot boiling to the extent that we legislators, who are responsible in the final analysis for the tax laws which we now have on the books, will see that the time is long since passed when we need to do something of a major work with respect to the realinement and reassessment of taxes in this Nation so that, in truth and in fact, taxes will be borne by those who have the greater ability to pay and in a more equitable fashion than they are now borne; that gaping loopholes will be closed, and that the system of limited free enterprise which we now have can be increased such as is envisioned in Mr. Perry's plan, and that greater equity could be done all around.

I ask unanimous consent to insert Mr. Perry's plan of a "National Dividend," in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

THE NATIONAL DIVIDEND

(By John H. Perry, Jr.)

Our founding fathers were searching for equity for all men when our great constitutional free society was formed. As demagogic pressures have increased over the years, a tendency has developed to lose the word "free" from the economics in our system.

Neither our society nor any other society will ever be truly great until it is first a completely free society. Freedom is indivisible. Political freedom axiomatically lives only where economic freedom is strong, wide-based and delivers profits.

The self-sufficiency and economic independence of individual man should be the goal of a Great Free Society. This objective assures that the state will be subjugated to the individual. Subjugation of the individual to the state is contrary to all legal and political theory in the United States.

The National Dividend is a bold, workable plan to achieve society's freedom. It would make every American voter—man or woman—a profit-sharing partner in the dynamic, spiritually-based, profit and loss system, which we have named "free enterprise."

Here is the plan:

A major source of federal receipts would be rechanneled. Corporate profit taxes now paid to the federal government would be diverted from the general treasury fund and distributed directly by mail to the nation's voters on a per capita basis. The payments would be made quarterly by the U.S. Treasury in cash.

The diversion would not deprive the government of funds required for its necessary functions. The National Dividend plan would be instituted gradually over a five-year period and at a tempo equal to the normal increase in federal receipts from other activities.

The National Dividend plan is rooted firmly in the production and profits of free enterprise. It provides a way for rank and file

citizens at work on farm, at home, in factory, or in business to regain, strengthen and preserve the individual liberties they have lost in recent years to the relentless encroachment of the federal government through taxation into their business and personal affairs.

Because of our historic and economic structure, we are fed and free.

The National Dividend plan assures elevation of the general welfare out of national corporate earnings.

Our purpose is to bring greater equity, ingenuity and thrust to free enterprise. The basic profit motive, which gives life and purpose to the entire free enterprise system, must be understood.

Profit is not a part of the cost of production, except in cases of public utilities where there is no competition. Profit is achieved only if the producer can cut his costs below what he can sell the product for. The sale price should always be determined by the forces of supply and demand, by what his competitors are willing to sell their product for and how anxious the buyer is to purchase the product.

The profit motive is the incentive that drives the producer of goods or services to struggle to produce and sell efficiently. It is this human drive that has created the miracle of our modern civilization. It is this human drive that we must nurture and extend its benefits to all our citizens who vote.

Our founding fathers recognized the advantages of an economy free from dictatorial control. They knew that business management was and is more efficient than political management. They knew, too, that a genuinely free society, to be consistent with political liberty, would have to include among human rights, the concept of private property, a free competitive market, profit and wage incentives and freedom from arbitrary government control.

In a free competitive system, the individual has the privilege to choose. However, when the government operates a business, the individual loses his freedom of choice. He must accept what he is told to accept. No man is free politically under a socialist economic system.

Mainly because business has been free from government interference, our society is far ahead of the rest of the world.

Our free society is dependent upon the profit motive. In its thousands upon thousands of separate but interrelated corporate, family, and single owner enterprises, the United States has the largest, most complex, responsive economic structure man has ever assembled. It is sensitive to the individual's every wish and need. If one company, product or service does not satisfy an individual, another quickly capitalizes on the situation and provides a better and cheaper product.

The American people need a clear understanding of the fundamental facts of the free enterprise system, how it functions, and how maintenance of its vitality is the key to our continued freedom, prosperity, high standard of living and national security. The key to that vitality is to be found in the method of collecting taxes, and who spends these tax dollars.

The National Dividend would make every person a living, sharing, integral part of our free enterprise society. It would make them its direct beneficiaries. It would promote their active voting participation, creating a more responsible attitude toward the political part of our system.

In our republic with its democratic methods, the ultimate fate of all functions and activities rests with the people. Their collective voice, expressed through the ballot box, is ideally supreme. When there is universal participation, their voice rings out thoughtfully with resonance and authority. When there is voting apathy, their voice is muted and indecisive.

And so it is with our economic affairs. It is the people who provide the ingenuity to organize a business venture, the capital investment to finance it, the ambition and manpower to operate it and the purchasing power to buy its goods and services. And in doing all this successfully, enable it to enlarge, improve, create more jobs and make a profit.

The profit, in turn, gives those who have invested in the business plant and equipment a return on their money. This return provides new capital and—equally as important—the incentive for the recipients to make new investments in new ventures.

The National Dividend plan is founded upon a constitutional amendment which has these three simple, basic provisions:

One, it provides that all corporate income tax collected by the United States Treasury shall be distributed equally—and free of personal income taxes—to all the nation's voters. Two, it eliminates personal income taxes on all corporate dividends. Three, it places a 50 per cent limit on corporate income taxes.

An examination of our economic processes will give us a clear picture of how the plan would work and of the potential benefits it would embrace for rich and poor alike.

Reduced to basic simplicity, our economic transactions take place between three major participants—consumers, business establishments and government.

Consumer purchasing power—whether individual, family, or corporate—maintains the vigor and stability of our economy. Obviously, if customers stop buying, business stagnates. Inventories pile up. Mills stop producing. Workers lose their jobs. And prosperity and comfort give way to depression and suffering.

We, the American people, as individuals, spend our income today at the rate of 94 cents on the dollar. We save and indirectly invest the remainder. The 94 percent is consumer purchasing power. And, like a sturdy heart in a human body, it pumps life-giving blood through the arteries and veins of the economy because most of the spending is with business enterprises.

But consumer purchasing power is not confined to the individual. Business is both customer and consumer, too. For example, when a new factory is constructed, a thousand kinds of building materials are bought, newly invented machinery is installed, raw materials are obtained. This also is purchasing power.

Business to business expenditures, along with spending by the people, creates a steady flow of dollars over the counters of the nation's many enterprises.

But the dollars do not stop there. Only a few pennies of each sales dollar are net profit. The vast majority of the dollars continue to flow on as outpayments as business firms make disbursements to meet operating costs.

A major part of these dollars goes directly as wages and salaries. By meeting payrolls and buying goods, business becomes the primary generator of the nation's personal income.

Thus we see that the capital investment which originally came from those people who saved some of their income, created business enterprise. Then, in sequence, business enterprise provided them jobs. The jobs generated personal income for the people. The personal income provided the purchasing power with which the people obtain the goods and services offered by business enterprise.

Now, the federal government, the third major participant in our economic processes, comes into the picture. Like business enterprise, it, too, must turn to the people and their personal income for its major source of revenue. The cost of government is our country's overhead. Government does not create wealth. And today the overhead is becoming so high that it cannot be carried safely without creating inflation.

By imposing personal income taxes, excise taxes and Social Security taxes, the government siphons off a substantial portion of the consumer's purchasing power. This prevents the immediate return of those dollars to the channels of business enterprise for further direct participation in the generation of new personal income. As a result, there is at that point a slowing, or braking, effect upon the free market.

Direct taxes are imposed upon business enterprise, too. Among these are the employer's share of Social Security taxes, excise taxes, sales taxes, unemployment taxes, special use taxes and others. With each diversion of these funds from business to government, additional braking pressure is applied to the free market.

Another major source of government revenue—in volume second only to personal income taxes—is obtained from a tax on the net income of business enterprise.

As was pointed out earlier, a profit can be made only if the producer can cut his costs below the figure a buyer will pay for the product.

Profits are the results of risk-taking, capable management and sales efforts. But if a corporation succeeds in making a profit, it is required to divide its profits between its owners and the government. If it has a loss, it must bear the loss alone.

For more than 10 years—from the Korean War through 1963—the government's share of corporate profits was 52 per cent of all earnings in excess of $25,000. This direct tax on business, combined with personal income tax rates graduating upward to a peak of 91 per cent, put a brake on business expansion so sharply that the growth rate was reduced to only a fraction of its potential.

Even after the government takes its high percentage of the corporation's profits, the owners of the corporation, who range from the small investors with a few shares of stock to large owners with thousands of shares, must give up still more of their portion. The dividend payments they receive are taxed as personal income. This is, of course, a double tax burden on corporate earnings and further reduces the capital available for direct investment in the job-creating functions of business enterprise.

Only a portion of these tax revenues which are drained away eventually make their way back into the economy as a result of government spending. In theory, the expenditures are supposed to be equal to the revenues. And they are supposed to provide equivalent services and benefits to all the people. In practice, this is not the case.

The government re-spends through two major disbursement streams. One is for the purchase of goods and services from business enterprise in the market place. It spends, for example, for equipment and supplies for the armed forces, materials for public buildings, payrolls, interest on money borrowed from the people, space research and exploration, highway construction and other such products and activities.

Government's second disbursement channel carries dollars and gold to selected persons and governments. These pocket to pocket transfers of government receipts include farm subsidies, Social Security benefits, unemployment compensation, social welfare payments, loans and gifts to foreign countries, subsidized housing, the legislative war on poverty and others.

So, by taking into account the flow of government receipts and expenditures in addition to the income or wealth generating transactions of business enterprises and people, we get a complete picture of the basic processes within our economic system.

Political considerations move to the front when we examine the impact that various pay-out streams in the economy have upon

the attitude of those Americans who work. It is the voters who hold the power to decide whether we move into the future with a free enterprise system made better, bigger and stronger by the National Dividend, or whether all our freedoms will be steadily eroded into oblivion under the weight of bureaucratically-dictated governmentalism.

Payment of cash and stock dividends to the stockholder owners of corporations naturally biases them as voters toward the growth and success of privately managed corporations and the free enterprise system.

On the other hand, payment of government tax money to the pockets of selected groups naturally biases those recipients as voters toward increased political management.

Then there is the third group of voters whose voice must be heard in deciding between free markets and governmentalism. They are those citizens who receive neither corporate dividends nor government transfer payments and, as a result, are generally neutral in their attitude as between corporate welfare and governmentalism.

There is only one way the federal government can disburse the billions of dollars the Congress appropriates each year. It is through the hundreds of administrative agencies whose names the average citizen scarcely knows. Great discretion must be delegated to the heads of those agencies, and many do not have to answer directly to the Congress or the people for their decisions.

In exercising their discretion, the agency heads have the power to withhold funds from some groups, to subsidize others, to insist on price control, wage control, production control, and virtually anything else they consider within their realm under their own interpretation of the legislation authorizing the disbursements.

Their arbitrary exercise of discretion is not limited to any one channel of federal spending. They exercise it in making both defense contracts and welfare payments. They also accompany their disbursements with an overlay of paper work, red tape and control, whether they spend the funds in the otherwise free market for goods and services, or hand them out directly to selected groups.

In imposing their discretionary power, these bureaucrats have made loss of individual liberties, personal rights and dignity the price the people must pay to share in government spending. Government's political bosses can and do become masters instead of servants of the people.

Now, for contrast let us return for a closer examination of the way business enterprise spends the funds which come in over the counter from the sale of goods and services.

The first slice goes to the government in excise, Social Security and unemployment taxes and other such levies. Most of the remainder goes for wages and salaries for the service of employes; for interest, which is the cost of borrowed money; for rent, the cost of borrowed space, and for the taxes which enable the administration to both operate the government and to re-distribute the personal income of its citizens.

Part of the income generated by business enterprise is disbursed in wages and salaries as income to citizens who work. And to share owners, in dividends. The remainder is retained by business and spent as capital outlays for construction, equipment and inventory.

There is one difference of major significance between government spending and spending in the private sector by the people and business enterprise. When the people and businesses spend money, they disburse it freely for the things they want. There is no overlay of government control.

Such control exists today because corporate profit taxes are poured into the general fund and mixed with personal income taxes, the direct and indirect business taxes, and all other revenues not earmarked for specific purposes. It is over these funds that administrative agency heads exercise their discretionary control over disbursements.

There would be no overlay of government control accompanying the American voter's spending of his National Dividend obtained from corporate profit taxes.

Under the National Dividend plan, corporate profit taxes would be channeled away from the general fund. They would be rechanneled to flow directly on a per capita basis to all voters who had legally participated in the last federal general election. Instead of receiving so-called government services from the administration, diluted by the costs of bureaucracy, the voters would receive direct cash payments every quarter.

The only requirement for sharing in the National Dividend would be to vote in the national general elections every two years.

Consequently, the re-channeling of corporate profit taxes would cause even the most apathetic voters to exercise their rights at the ballot box. It is logical to assume that they, along with those voters who have been neutral and uncertain up until now, would soon become enthusiastically in favor of free enterprise and corporate progress, more profits, more jobs and bigger and better dividends for redistribution to all.

Those voters who today are biased toward greater governmentalism would find far more appeal on the other side as they, too, became profit-sharing partners in the free enterprise system.

The National Dividend plan's proposed diversion of corporate profit taxes from the general fund would not deprive the government of revenues needed for its necessary functions.

Federal revenues have increased at an annual rate of about six billion dollars since 1959. This rate of increase, which is expected to continue, will be sufficient to fund the National Dividend program during the five-year period in which it would be phased into full operation.

The federal government would continue to obtain just as much tax revenue as at present and would have just as much money available for supporting its many expenditure programs.

The National Dividend Plan proposes that as the government's tax receipts increase, portions of the corporate tax revenue would be used for direct cash payments to the voters. Government should introduce cutbacks in some of its programs after the National Dividend payments are large enough to substitute for them.

In 1965, corporate income taxes amounted to $30 billion. And there were roughly 70 million voters in the 1964 national elections. Assume that by the time the National Dividend plan could be put into full effect the corporate income taxes had risen to $40 billion and the number of voters had grown to 80 million, this would mean that the National Dividend would be $500 per year, per voter. For a man and wife, it would be $1,000 tax free income.

The point is, however, that whatever these payments are, they will have to come from productive earnings, not from additionally inflationary spending. We will have earned them and they will not be diluting the value of the dollar. And herein lies one of the basic values of this plan as against other economic proposals such as the Negative Income Tax or the Guaranteed Annual Wage.

Several built-in factors in our economy have been responsible for the substantial annual growth in the federal government's cash income in recent years. Combined, they practically assure a continued six percent annual increase.

One major reason lies in the steady growth of the country's population and labor force. The labor force grows by more than one percent per year. Consequently, the nation's genuine output and genuine income also grow one percent per year.

This means that federal income grows by about one percent per year.

Another factor which continually lifts the nation's real output, real income and federal tax revenue is the steady annual increase of about three percent in the worker's man-hour output. The increase is brought about by investors giving our working citizens more and better equipment to work with. This means that for the nation as a whole, the real output, the real income, and the true standard of living also rise by about three percent per year. Consequently, so does federal tax revenue—which is geared to real income—rise by about that same three percent.

The third factor which lifts federal revenues is a form of creeping inflation. It is the result of wage increases being greater than production increases, thus necessitating price increases.

Since World War II, wages have risen about 4½ percent per year, while production has been boosted only about three percent. This had resulted in a price increase of about 1½ percent per year since the end of the war. Chronic price inflation such as this does not lift national output. But it does increase the nominal dollar income. Therefore, so long as the built-in price inflation proceeds, personal income, corporate income and the corporate tax revenues that depend on these incomes will increase annually an additional 1½ percent per year.

The final factor involved in the increase in government revenues is the manner in which personal income taxes are levied.

The steady rise of wages since World War II has moved more and more citizens into higher income tax brackets. Although the dollar income has been boosted by about 4½ percent per year, real income has been growing only at the rate of three percent, the rate of increase in the production of real goods.

However, personal income taxes are based on countable dollar income, not on real income. Since 1942, personal income tax rates have been sharply progressive—the higher the dollar income, the higher the rate. So, the fact that all workers are experiencing rising real and countable income and are subject to progressive income taxes insures that the federal government's revenues from personal taxes will rise continuously as a percent of personal income.

At the rate at which American families have been moving into higher income brackets, the federal government has been benefiting to the extent of approximately one-half of one percent per year simply because progressive rather than uniform tax rates apply to all personal income.

So we see how these built-in economic factors practically assure a steady six percent annual increase in federal revenues. One percent comes from the growth of the labor force; three percent from the increase in output per man-hour; one and one-half percent from the increase in prices, and one-half of one percent from increased dollar income and progressive income tax rates.

And we also see that this six percent annual increase in federal revenues can provide all the funding needed to phase the National Dividend plan into full operation to bring its broad-based benefits to all our citizens.

The National Dividend offers far more than just a simple plan for distributing corporate profit taxes directly to those citizens who regularly fulfill their voting obligations.

It would be a perpetual feed-back of consumer buying power into the economy.

It would remove much of the fear of technological advance and would accelerate automation with its ever increasing benefits spread evenly among all citizens.

By reducing centralized federal spending power, it would strengthen the constitutional principles of states' rights and the basic concept of the rights of private property.

It would improve dollar stability by removing inflationary taxes, and reduce artificial and burdensome controls. It would make American products more competitive in world markets, and it would increase the gross national product by stimulating the incentives for investment and production.

And, finally, it could be an effective device for achieving lasting world peace by undermining the senseless ideological attacks on capitalism by Marxism. By making every voter a partner in a vigorous and understandable free enterprise system, the arguments for world socialism would begin to fade away.

Real wages come out of production, not out of government decrees. Partners would produce more, free citizens would have more cash, more confidence, more dignity. Men of good will could, through the National Dividend, work more harmoniously together.

We can have a Great Free Society inspired and financed by profit. We can have opportunity for all. We can be fed, free and happy, a shining example to other peoples of the world, who also want these same, basic things.

IT IS A CIVIL WAR IN VIETNAM—FOUR FOREIGN CORRESPONDENTS CONFIRM PREVIOUS VIEW OF PRESIDENT KENNEDY AND SENATOR STEPHEN YOUNG

Mr. GRUENING. Mr. President, little by little the truth about Vietnam is coming out—the truth which has been persistently obscured by administration propaganda.

Last February, Under Secretary of State George W. Ball, in the course of addressing the Northwestern University Alumni Association at Evanston, Ill., in a speech entitled "The Hanoi Myth of an Indigenous Rebellion," declared that the civil war allegations were indeed a myth. But he made this pertinent comment:

> If the Vietnam war were merely what the Communists say it is—an indigenous rebellion—then the United States would have no business taking sides in the conflict and helping one side to defeat the other by force of arms.

This is an important declaration by the second ranking official in the Department of State.

We now have further evidence that it is a civil war.

President Kennedy, who was elected to the House of Representatives in 1946, and was in the Senate from 1954 to 1960, during which time he was a member of the Foreign Relations Committee, referred, in his news conference of July 18, 1963, to "the civil war which has gone on for 10 years."

On February 6 of this year, Senator STEPHEN YOUNG of Ohio, a combat veteran, returning from a 3-week visit to South Vietnam, declared on the floor of the Senate:

> This is a civil war going on in Vietnam. Before I visited Southeast Asia, it had been my belief that all of the Vietcong fighting in South Vietnam were communists and infiltrators from the North. But I had not been in Vietnam for more than 4 days—and during that period of of time, I was in every area of Vietnam—when almost immediately I observed very definitely that we were involved in a miserable civil war in the steaming jungles and rice paddies of South Vietnam. I learned from General Westmoreland that the bulk of the Vietcong fighting in South Vietnam were born and reared in South Vietnam. I learned from General Stillwell and other Generals that 80 per cent of the Vietcong fighting the Americans and the South Vietnamese in the Mekong Delta south and west of Saigon were born and reared in that Mekong Delta area. This is a civil war in which we are involved. The fighting has been going on there since 1945.

Now, we have a report from four experienced newspaper correspondents at the front to the same effect. This was heard in an educational television broadcast, transmitted over channel 13, WNDT, New York, on Monday, August 1, and at Washington, D.C., over WETA, channel 26, on August 3. It was a production of National Educational Television. The participants were: Malcolm Browne, formerly of the Associated Press and a Pulitzer Prize winner for his book on the war in Vietnam, entitled: "The New Face of War"; Jack Foisie, of the Los Angeles Times; Charles Mohr, of the New York Times; and Dean Brelis, of the National Broadcasting Co.

Touching on the question of whether this was a civil war or a war of aggression, this is what the four correspondents said:

> BROWNE. Yes. One of the problems, of course, is that the administration itself, particularly Secretary McNamara, have tended to obscure some of the issues here and have deliberately misled American public opinion. For example, the continual harping on the North Vietnamese aggression has led to the supposition that the Vietcong is a North Vietnamese outfit. Well, of course, it has North Vietnamese leadership and a lot of North Vietnamese cadres and a lot of North Vietnamese weapons. But the bulk of the Vietcong is South Vietnamese. And this, of course, tends to interfere with the McNamara statement this is not a civil war. Well, of course, it is a civil war, by the Webster definition of the thing.
>
> NIVEN (moderator). Do you all agree?
>
> FOISIE. I think it is.
>
> BRELIS. Yes, I agree.
>
> MOHR. Yes, a special kind of civil war.
>
> FOISIE. And it was more so in its early stages than it is now.
>
> BROWNE. Yes. Just as the Spanish civil war in its early stages was more of a civil war than it got to be later.
>
> MOHR. And also, especially, if you understand the distinction between North and South Vietnam is not made by Vietnamese in the same way that it's made by the Department of State in Washington. Even if North Vietnam is committing aggression against South Vietnam, that in itself is a form of civil war. Ths is a partitioned country, but it's one country. Essentially it once was.

With this further evidence, it is well to recall the statement of Under Secretary George W. Ball; namely, that if it was a civil war, "the United States would have no business taking sides in the conflict and helping one side to defeat the other by force of arms."

Quite so; and yet, that is precisely what the United States has done.

The administration persists in denying that this is a civil war, because then its contention that North Vietnam is the aggressor and that we are there to repel aggression, would be patently invalid.

EUPHORIA ON VIETNAM

Mr. HARTKE. Mr. President, the noted columnist, Joseph Kraft, in his article appearing in the Washington Post Wednesday, has taken a close look at the question of whether the curious euphoria about Vietnam, recently making itself felt in official statements and press reports, is really justified. He finds that our current actions, based on the new rash of optimistic hope, both serve to diminish our chances for a negotiated peace and to heighten the danger of increased intervention by Peking and Moscow.

It is at least questionable, Mr. President, whether our growing military pressure will weaken, or whether it will actually increase, Hanoi's resolution to fight on. We have now bombarded the demilitarized zone, with no greater provocation than has existed for a long time past, since infiltrators have been crossing the DMZ since at least 1961, as officially noted by the State Department.

But our violation of the Geneva accords in this respect, by bombing of the demilitarized zone, has set back the prospect that they may form the basis for negotiations, as so many have suggested, including Secretary General U Thant.

Mr. President, I ask unanimous consent that the article by Mr. Kraft may appear in the CONGRESSIONAL RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Aug. 10, 1966]

INSIGHT AND OUTLOOK: DANGERS OF EUPHORIA

(By Joseph Kraft)

As the President's press conference yesterday indicates, a curious euphoria now shapes the official outlook on Vietnam. And perhaps the confidence is justified.

But the supporting arguments are, to put it mildly, inconclusive. As usual, moreover, bouyant hopes have yielded actions that serve to erode further the chances of a negotiated peace. And these same actions heighten the danger—now airily dismissed—of increased intervention by Peking and Moscow.

The marks of euphoria are to be found chiefly in things that are being said at the White House and State Department. It is being said, for example, that growing American military pressure is causing the other side to scale down its operations. Supposedly the scaling down is the first step toward a slow petering out of enemy activity that is now seen as the way the war will end.

It is also being said that the last hope of Hanoi is a setback for the Democrats in the elections this fall, but that actually the poll, by showing the President's strength, will serve to shorten the war, as Lincoln's victory in the 1864 election is supposed to have hastened the end of the Civil War.

None of these claims can be disproved. But Washington has not had a good record in assessing what is happening on the other side. Many recent visitors to Hanoi—most recently General de Gaulle's friend, Jean Sainteney—report growing resolution to fight on.

As to the American elections, while North Vietnamese officials have talked about defeat for the President, they have never pitched their main hope on a failure of nerve in this country. Their focus has been the weakness of the Saigon government—a deepening condition advertised every day by the personality and actions of Marshal Ky.

These obvious flaws in the supporting logic, however, do not represent the real case

against official bouyancy. The real case lies in the actions that are being taken out of a surfeit of confidence.

For a starter, there is the bombardment of the DMZ or demilitarized zone separating North and South Vietnam, which got under way last week. Ostensibly, the bombing was brought on by the North Vietnamese who suddenly began using the DMZ as a refuge against American attacks. But in fact, according to a Senate Department White Paper of December, 1961, hostile troops have been passing through the DMZ by the thousands for years.

The truth is that the American command now feels that it can usefully seal off the DMZ, and has chosen to do so, picking out a pretext that was available for years. What is blithely ignored is that the DMZ represents one of the principal elements of the Geneva agreements. To violate the accord openly weakens it by that much as a basis for negotiation.

A similar difficulty applies to the appeal by the Thai government for a meeting of Asian states to consider a settlement in Vietnam. The appeal has the backing of the United States, and it seems plausible as an expression of Asian leadership in Asian affairs.

But actually the Thai appeal is set in the context of a charge that the Geneva accords are unworkable because of sabotage by the Russians. There is no chance that the Thais can bring to a conference any of the belligerents on the other side. The upshot of their appeal is merely to dilute still further the one agreement that does affect all belligerents—the Geneva accords.

Playing fast and loose with Geneva might be done with impunity if it were only a question of the United States and North Vietnam. Indeed, since Hanoi shows no present signs of wanting to negotiate, it could even be argued that the United States in the interests of teaching a lesson should throw Geneva to the winds, and go all the way to military victory before sitting down to a conference.

But of course China and Russia are also affected. While they have behaved with singular prudence so far, that is largely because North Vietnam has been doing so well on its own.

Even so the continuation of the war has brought from Moscow and Peking a steady stream of increasingly serious warnings. Thus the intensification of the enemy effort—either by further Soviet input of modern equipment, or by Chinese support on the ground—remains a genuine peril, the more so as Washington, in its mood of confidence, is paying so little heed to the danger.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

STIMULATION OF THE FLOW OF MORTGAGE CREDIT FOR FHA AND VA ASSISTED RESIDENTIAL CONSTRUCTION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate.

The PRESIDING OFFICER. Without objection, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 3688) to stimulate the flow of mortgage credit for FHA and VA assisted residential construction.

Mr. COOPER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. COOPER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, as Members of this body are aware, Senator BENNETT, the ranking minority member of the Banking and Currency Committee, is unable to be here for debate on this legislation, because he is in the hospital recuperating from an ulcer. He has sent me a statement giving support for the measure and expressing his disapproval of the administration policies that have brought the situation about.

He has asked me to make the statement for him.

STATEMENT BY SENATOR BENNETT READ BY SENATOR DIRKSEN

Mr. President, I would like to go on record as supporting an increase in the borrowing authority of the Federal National Mortgage Association. Earlier in the year, I cosponsored a bill, S. 3482, providing an additional $110 million to the capital stock of FNMA, which I thought would be a better means to that end. When it was discovered that that measure would not have enough support to be passed by the Congress because of budgetary considerations, I was willing to support the alternative which would increase FNMA purchasing authority by changing the borrowing ratio from the present 1 to 10 to the proposed 1 to 15, included in this bill.

HOMEBUILDING NEEDS RELIEF

I believe that we are all aware that the shortage of mortgage money for home financing is one of the most critical problems in our economy today. While other segments are experiencing demands equal to or beyond their capacity to produce, the homebuilding industry has been in a depressed condition.

I have received letters from Utah builders that thus far this year have not been able to build more than a small percentage of the number of homes built during a normal year. Some builders have been forced to take out bankruptcy and others are losing their employees as they are unable to provide work for them.

Individuals seeking homes have been unable to purchase them because of the lack of financing even though homes are available. Interest rates on home mortgages have continued to climb and it appears that they will continue to do so in the immediate future.

The cause of the shortage of mortgage money is just part of the overall lack of sufficient savings to meet the combined demands of consumers for financing purchases, business for financing plant and equipment as well as inventory expansion, and Government for increased military and domestic programs.

The burden of the lack of capital, however, is felt much more sharply by homebuilding and related industries and would-be homeowners because in a competitive free economy, funds just naturally gravitate to the highest bidders. Others demanding credit are in a position to pay higher rates and therefore draw funds away from the mortgage market.

It therefore seems appropriate that we take some action to alleviate that extra burden on the homebuilding segment of our economy and spread it over other segments.

JOHNSON ADMINISTRATION RESPONSIBLE

While I am strongly in favor of taking this action now that we are in this situation, I am very much opposed to the administration fiscal policy that brought the situation about.

The legislation is necessary because the administration has been unwilling to instigate action that would have been in line with the responsibility set out in the Employment Act of 1946. There has been a great willingness to take action to stimulate the economy when it was not at full capacity and unemployment was at undesirable levels, but unfortunately an equal reluctance to adopt measures needed to take off some of the excess demand that has resulted in pressures on capacity and prices. Instead of reducing expenditures or supporting an increase in taxes, when inflationary pressures are obvious to everyone, new proposals have continued for additional spending.

Instead of taking the politically difficult restrictive fiscal policy, the administration has requested that private sectors cut back their spending. It has always been my understanding that it is the Federal Government's responsibility to be the stabilizing element in the economy, not that this should be pushed off on business leaders or consumers. It is true that demands for consumption expenditures have increased even faster than incomes have risen and the rate of saving has declined. It is true that business plant and equipment expenditures have made great demands. This is the way to provide additional capacity and production which is needed for a growing economy and to meet the increased defense requirements without large cuts in consumption. In such a situation where private forces are providing all the stimulation the economy needs and perhaps too much stimulation, it is the stated responsibility of the Federal Government through its fiscal and monetary policy to exercise a restraining influence.

ADMINISTRATION HAS FAILED

The administration has failed in this responsibility. In the absence of restrictive fiscal policy the burden of containing inflation has fallen almost entirely on monetary policy which is the responsibility of the Federal Reserve Board. It is fortunate that the Federal Reserve is an independent system, or perhaps political considerations would have forced inaction there also.

There has been some criticism of the actions taken by the Federal Reserve Board. This has generally come from those who have supported the adminis-

tration policies that have made the Federal Reserve Board action necessary. It has been seriously suggested that the independence of the Board be removed and that it be brought under executive control. Restrictive action is not popular as is evident by the unwillingness of the administration to request and support measures which would result in a decrease in spending or an increase in taxes, in an election year.

BALANCED POLICY REQUIRED

Members of the Federal Reserve Board have argued that it is not desirable to have monetary policy take the full responsibility of restraining inflationary forces.

Governor Roberston in an August 4 hearing before the Banking and Currency Committee stated:

We are in the midst today of an inflationary situation. The inflationary pressures are great. In my opinion the dangers of inflation are much greater than the dangers of high interest rates. The cost to the people of this country is much greater in the case of inflation than in the case of high interest rates.

The situation as it now appears through the eyes of our economic staff is one where the pressures will be even greater and the danger of running into a rash of price and wage increases resulting in a spiraling inflation—a potential boom and bust—is there and should be combated. This must be combated either through the use of fiscal policy or monetary policy. If fiscal policy is not used, monetary policy must be used, and this in turn will result in an upward pressure on interest rates which could focus the impact of monetary policy more on the housing industry than on other areas of the economy.

Other members of the Board, both those considered to be liberals and those considered to be conservatives, have made similar statements.

PROBLEM NOT SOLVED BY THIS LEGISLATION

The Federal Reserve Board has taken the only action it has the power to take. It has restricted the expansion in money and credit to conform to the limits of productive capacity, although the supply is not sufficient to meet the greatly enlarged demands for credit. This has had a restrictive effect on spending, but the restraints are not equal on all segments nor can they be made to apply to all segments equally.

Those least able to bid for funds are the ones to feel the effect first. Those least able to bid for the funds include individuals wanting to purchase homes.

I think it is appropriate that we try to equalize this burden to the extent possible and this legislation has that as its purpose, but I also think that it is proper that the responsibility for the problem be placed where it belongs and that we realize that the problem will only be solved when action is taken to restrict spending by the Government, as well as by business and individuals, to within the limits of capacity to produce.

Mr. COOPER. Mr. President, I call up amendment No. 726, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read the amendment, as follows:

On page 1, line 6, strike out all through line 15, page 2, and insert the following:

"SEC. 2. The second sentence of section 303(d) of the National Housing Act is amended by striking out '$115,000,000' and inserting in lieu thereof '$225,000,000'.

"SEC. 3. The second sentence of section 303(e) of such Act is amended by striking out '$115,000,000' and inserting in lieu thereof '$225,000,000'."

Mr. COOPER. Mr. President, I should like to say at the outset that I support fully the objectives of the pending bill.

I have offered this amendment primarily to ask some questions of the managers of the bill, the distinguished Senator from Alabama [Mr. SPARKMAN] and the distinguished Senator from Texas [Mr. TOWER].

The report of the committee and the statements of Senator SPARKMAN and Senator TOWER made yesterday on the floor set out fully and precisely the difficult problem our country faces with respect to financing residential housing, and this bill would provide additional stimulus to the flow of mortgage funds, to assist in residential construction.

The first section of the bill would increase the authority of FNMA to purchase mortgages by about $2 billion. This would be accomplished by increasing the ratio of borrowing authority of FNMA from the present 10 to 1 to 15 to 1.

Yesterday, the distinguished Senator from Alabama pointed out that the capital and surplus of the Federal National Mortgage Association at present is $401,625,693 and that at the present ratio of 10 to 1, FNMA has a borrowing capacity of $4,016,256,930. If the ratio is changed to 15 to 1, the borrowing authority would be increased by $2 billion to over $6 billion.

Sometime ago the distinguished Senator from Texas introduced S. 3482 which the Senator from Utah [Mr. BENNETT] joined and I joined in cosponsoring and which would have provided additional capital and borrowing authority to FNMA. It would have authorized the Treasury to purchase $110 million of preferred stock of FNMA. At the present ratio of 10 to 1, the additional capital of $110 million would have increased the borrowing capacity of FNMA by $1.1 billion.

These bills have also been considered in the House. The minority views of the House Banking and Currency Committee criticizes the proposal to increase the ratio from 10 to 1 to 15 to 1. One point made was that over $3 billion of debt obligations were presently outstanding under the present ratio of 10 to 1. And to increase the ratio to 15 to 1 would dilute the value of the debentures which had been previously issued and might impair the credit of FNMA.

I should like to have the views of the managers upon that first proposition. Would it decrease the value of the debentures which have been issued by FNMA? Would it in any way impair the future borrowing capacity of FNMA, if the ratio of its borrowing authority is increased from its present 10 to 1 to 15 to 1?

Mr. TOWER. In response to the inquiry of the distinguished Senator from Kentucky, may I say that somewhat over 2 months ago, when I introduced the original proposal, it seemed to be adequate. But in the 2 months that have elapsed since that time, our money situation has grown so much more tight and our homebuilding situation has become so critical, that we felt that we had to resort to somewhat more drastic means of pumping some mortgage money into the market.

As to the reduction of the value of the debentures, I would say that it would not appreciably reduce the value of the debentures.

I would, of course, invite any comment that the Senator from Alabama might have on that point, but I do not believe that it would appreciably reduce the value of the debentures.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. COOPER. May I say that I believe that the Home Builders Association of the United States and the Association of Savings and Loan Institutions at first opposed the proposal to increase the ratio from 10 to 1 to 15 to 1. They supported the proposal to authorize the Treasury to buy preferred stock of FNMA. By thus increasing the capital base it would give additional borrowing authority to FNMA of $1.1 billion. There was some concern at this time that increasing the ratio to 15 to 1 could impair the credit of FNMA and dilute the credit quality of the debentures which had been issued and were outstanding.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. SPARKMAN. In my presentation, I included a letter from the Department of Housing and Urban Affairs. Does the Senator have that letter available?

Mr. COOPER. In the Senator's statement yesterday?

Mr. SPARKMAN. No; I should correct that statement. It was not in my speech yesterday. On June 21 I made a presentation with reference to the need for providing assistance to FNMA; and a letter from the Department of Housing and Urban Affairs, to which I referred at that time, discussed the question of a 15-to-1 ratio. I invite the attention of the Senator from Kentucky to that letter. It appears in the report on the bill. Has the Senator read the letter?

Mr. COOPER. Yes. The Department recommended the increase.

Mr. SPARKMAN. Yes. The Department said that the increase would not impair the ability of FNMA to honor the payment of the debentures; that it would not affect or impair the legal obligation to pay the debentures.

The letter cites court decisions with reference to the legality of the proposal and also discusses the question of the impairment of property rights.

Also, last October a similar measure was passed with reference to the Federal Intermediate Credit Banks. No doubt was expressed at that time, when a

change of ratio was made from 10 to 1 to 12 to 1.

Mr. COOPER. That is true. The Committee on Agriculture and Forestry, on which I serve, reported that bill.

Mr. SPARKMAN. The Senator's committee reported that bill.

Mr. COOPER. It increased the ratio from 10 to 1 to 12 to 1.

Mr. SPARKMAN. That is correct. The Senator from Kentucky knows that, of course, because his committee acted on that proposal.

As I recall, the House committee has reported a similar bill, and it adheres to the 15-to-1 ratio. But I believe the amendment of the Senator from Kentucky provides also for an increase of capital instead of for special assistance. That question will be in conference.

Mr. COOPER. Is it correct that the section we have been discussing, which provides a change in the ratio from 10 to 1 to 15 to 1, would have no impact on the budget?

Mr. SPARKMAN. No.

Mr. COOPER. Previously, however, when the capitalization of FNMA was increased by legislation, it did have an impact on the budget.

Mr. SPARKMAN. If it is increased by $110 million it will have some impact on the budget, although I understand it is not great.

Mr. COOPER. My second inquiry relates to section 2. Section 2 would provide on additional authority of $1 billion to FNMA.

Mr. SPARKMAN. The Senator is correct. For special assistance——

Mr. COOPER. To purchase mortgages. And the authority is provided by using $500 million from the Presidential authority and the $500 million in new Treasury borrowing.

Mr. SPARKMAN. The Senator is correct.

Mr. COOPER. Would the $500 million in new Treasury borrowings have an impact on the budget?

Mr. SPARKMAN. It would have some but it should be remembered that it is anticipated that this money will go into mortgages quite soon and, of course, we have the participation program, which I hope may convert those mortgages—not necessarily those very ones, but other mortgages—FNMA is holding.

Mr. COOPER. Would it be possible to sell participation certificates? To that extent it would have no impact on the budget.

Mr. SPARKMAN. The Senator is correct.

Mr. COOPER. This is by reason of the legislation passed earlier in this session—authority to sell participation certificates.

Mr. SPARKMAN. The Senator is correct.

Mr. COOPER. I now come to the question which is of great concern to me. Under section 2, I understand that a ceiling on purchases of mortgages would be fixed at $15,000. In my State, and I think in other States, this provision of the committee bill with such a limitation would not be fully adequate.

I very much like the idea of assuring adequate credit for mortgages of $15,000 and less to families which need them. However, I raise the question whether the placing of a $15,000 ceiling would greatly help in the present situation particularly in such metropolitan areas of Louisville and Lexington and other areas where land and construction costs are higher and require home mortgages larger than $15,000.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. TOWER. Actually, that only applies to one-third of the anticipated amount of this bill for mortgage purposes. I think that is a very low percentage for what we might call low-cost housing.

Mr. COOPER. The Senator makes the point that while the $1 billion of authority under the special assistance program would be limited to mortgages of $15,000 and less, that the first section provides $2 billion, and this amount would not be subject to the 15,000 ceiling proposed in section 2.

Does the committee think that the new borrowing authority of $3 billion provided by this bill or any substantial part of it, would be used to lighten the load of savings and loan institutions, and banks?

Mr. TOWER. There is nothing in this bill that would improve the administrative procedures or regulations under which these various agencies concerned operate. I recognize the inherent weakness of the system, which I think in due course we should correct. Our purpose here was to free up some mortgage money because of the critical need for it at this time.

I would be the first to concede that there is a great deal of work that the Housing Subcommittee has to do, reviewing the experience we have had in housing programs, and perhaps getting improvements and changes, but this cannot be undertaken at this time. I hope we will undertake it in the future.

Mr. COOPER. I was interested that Mr. Weaver opposed section 2, stating that he did not think it would ease the credit situation very much.

Mr. TOWER. I think it was understood that that would be the administration position because what we are doing is taking $500 million from the administration and designating the way it will be spent, instead of letting the administration designate.

Mr. COOPER. I ask these questions because there is a tremendous interest in my State, as I know there is in every State, on the necessity of immediate action to ease the difficult credit situation today with respect to housing. These questions have been raised by building associations, and by savings and loan institutions and banks. I wanted to clarify them for the RECORD, to be sure that we are taking adequate measures to ease the shortage.

Mr. TOWER. I wish to say to the Senator from Kentucky [Mr. COOPER] that I appreciate his penetrating, significant, and pertinent questions.

I wish to say that I deplore the fiscal policy that got us in trouble to begin with. I know how difficult it is to counteract the evils of fiscal policies by establishing monetary policy. The situation is critical and calls for action immediately. We are acting in the most constructive way that we can at this time. I wish we did not have to do it, but the fact is that the situation in our country today is such that we must act because of the great paucity in the mortgage market.

(At this point, Mr. SIMPSON assumed the chair.)

Mr. COOPER. The situation today makes it impossible for many people to proceed with building plans, and places a great strain on the savings and loan institutions, banks, and other credit institutions. I have received a report from Mr. John W. Robinson, executive secretary of the Home Builders Association of Louisville, as follows:

A REPORT ON THE EFFECTS OF THE MORTGAGE CREDIT CRISIS ON THE LOUISVILLE AND JEFFERSON COUNTY HOME BUILDING INDUSTRY

As evident by the chart below, building permits for the Louisville and Jefferson County area have sharply declined. Naturally the estimated construction value of permits issued in the first six months have similarly fallen. Last December and January, we were all forecasting a strong housing market for 1966. From contacts with builders, it was learned that they were all projecting as high a volume of building starts for 1966 as what they had completed in 1965. These projections were based on the fact that there was still a strong market for new homes as well as a need for additional housing to provide for the increased population, due to the overall growth of the area.

Now, six months later many builders, suppliers, sub-contractors are on the verge of going out of business. This has created a most unhealthy situation affecting the whole local economy.

1st 6 months residential building permits

	1966	1965	1964
Single family	1,556	2,450	2,549
Multifamily	514	2,167	702
Total	2,070	4,617	3,251
Estimated construction value	$22,641,610	$37,873,673	$33,500,630

As recently as last week I received an up-to-date report on the seriousness of the mortgage credit crisis in Lexington from Mr. Leonard E. Paulson, executive officer of the Home Builders' Association of Lexington.

Mr. President, I ask unanimous consent to have Mr. Paulson's letter placed in the RECORD at this point.

There being no objection the letter was ordered to be placed in the RECORD, as follows:

HOME BUILDERS ASSOCIATION
OF LEXINGTON,
Lexington, Ky., August 4, 1966.

Senator JOHN SHERMAN COOPER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR COOPER: Since our meeting in your office a week ago, we have obtained figures on home building in Fayette County for July—and the seriousness of the situation is underscored.

Home building in Lexington is now down 52% from a year ago!

Authorized housing starts, 1-family homes, Lexington and Fayette County

	1964	1965	1966	Percent change, 1966 versus 1965
January	88	101	84	−17
February	114	101	58	−43
March	129	176	142	−19
April	167	196	134	−31
May	193	163	80	−50
June	173	158	109	−31
July	183	151	72	−52
August	136	163		
September	163	130		
October	183	128		
November	159	93		
December	87	130		
Total	1,775	1,690		

Thank you for any work you can do toward the speedy passage of S.B. 3529 introduced by Senator SPARKMAN.

Sincerely yours,

LEONARD E. PAULSON,
Executive Officer.

Mr. COOPER. I have received similar reports from many other communities in Kentucky.

In addition, and of great importance a great many people have told me that persons who have built homes, have been able to develop some equity in their homes and now their equity is substantially decreased and in some cases wiped out. If they try to sell their house, they cannot sell it. They find that they do not have any equity in it.

Mr. TOWER. Yes. That is right, they do not have any equity.

Mr. COOPER. I support the increase in borrowing authority. I would have preferred that the second section of the bill would follow the original proposal made by Senators TOWER, BENNETT, and myself, for I believe it financially sounder and would have provided a substantially larger amount of home mortgage credit. But as the committee was unanimous in reporting the bill before us, I support it and will vote for it.

Mr. TOWER. I thank the Senator from Kentucky.

Mr. FULBRIGHT. Mr. President, I congratulate the Senator from Alabama and his colleagues on the Banking and Currency Committee for their continuing attention to the housing needs of the Nation. For several years during my chairmanship of the Banking and Currency Committee, it was my privilege to serve under the capable leadership of the Senator in his capacity as chairman of the Housing Subcommittee—a position which he still holds.

Through these years and through many prior years, the committee was periodically faced with crises in the homebuilding industry, because our economy was allocating an inadequate quantity of savings to home mortgage credit. Time after time, the committee recommended and the Senate passed bills designed to relieve critical shortages of mortgage money. Today we are in the midst of another such crisis.

I intend to support the committee recommendations, and I urge other Senators to do likewise. I believe that the time has come, however, to treat the cause of this recurring ailment rather than to continue ministering doses of aspirin and antihistamines, which merely relieve the unpleasant symptoms.

Mr. President, the drastic curtailment of homebuilding—described in the committee report—is a result of national fiscal and monetary policies. But the effects of these policies on homebuilding are never publicly debated until they have been implemented and their damaging effects have begun to reverberate throughout the economy. We can no longer afford the waste and sacrifice inevitable in a cycle of boom and bust in homebuilding. Roller coasters are for amusement parks and should not be characteristic of an economic system capable of relative stability.

Even a cursory review of the effects of fiscal and monetary policies over the last 20 years will reveal the circumstances under which home mortgage credit will be plentiful or will be scarce. Decisions made by the Federal Reserve Board, by the Treasury Department, by the Bureau of the Budget, by the Department of Housing and Urban Development, and by the Federal Home Loan Bank Board, turn the volume of homebuilding up or down like water from a faucet.

But these policies are never discussed or debated in specific terms until the homebuilding industry is drowning in a sea of tight money and going down for the third time. The present crisis has been foreseeable for many months. Each time that the discount rate is raised, each time that competition for savings causes a rise in yields offered to investors, each time that rates to borrowers are raised, the ultimate effect upon the supply and price of home mortgage credit becomes clearer and more certain. But this effect of monetary and fiscal policies is never discussed specifically in terms of the homebuilding industry.

This unhealthy state of affairs was recognized by the Committee on Banking and Currency in 1960. In that year the committee concluded a 2-year study of home mortgage credit needs anticipated for the present decade. The first recommendation made by the committee was addressed to the problem I am discussing. The committee recognized that fluctuations in home building do not occur by accident.

The committee realized that these fluctuations are foreseeable and are a result of planned monetary and fiscal policies. To oversimplify, these policies require home building to quickly take up the slack when the economy is sagging, and to take it in the neck when the economy is booming.

Mr. President, we can plan better than we have been doing, and the time has come for the Congress to insist upon better planning.

Recommendations No. 1 of the Subcommittee on Housing, April 15, 1960, read in part, as follows:

The subcommittee recommends . . . an amendment of existing law to require the following annual report from the President: At the beginning of each session of the Congress, the President shall transmit to the Senate and the House of Representatives a report stating, among other things, (1) the minimum number of housing units which should be started during the calendar year, or 2 calendar years following submission of the report, in order to be consistent with the program of the President, (2) the manner in which discretion contained in law will be used by Federal agencies to achieve this minimum number of starts, and (3) recommendations for changes in law which may be required to enable the achievement of this minimum number of starts.

This recommendation was subsequently expressed in bill form—S. 3379 of 1960—and, in modified form was included in the omnibus housing bill of 1960—S. 3670, Senate Report No. 1575. During debate on S. 3670, on June 16, 1960, the provision to require an annual housing goal was deleted from the bill by a vote of 44 to 37. It is interesting to note, Mr. President, that the proposal for an annual housing goal was supported by the late President Kennedy, by President Johnson, and by Vice President HUMPHREY. In fact, a total of 50 Senators voted for or were announced in favor of the proposal, and only 47 Senators voted or were announced in opposition.

Mr. President, I submit that if section 101 of S. 3670 had been enacted into law in 1960, we would not today be debating emergency measures to relieve a critical depression in homebuilding. If section 101 had been enacted, the Congress would have deliberated the economic plans of the President in 1961, 1962, 1963, 1964, 1965, and 1966 as they specifically related to the supply of home mortgage credit, and there would have been appropriate action to maintain stability in this vital economic commodity.

So far as I know, the need for better planning has not attracted attention since 1960. This is because 1966 is the first crisis year since that time—but it will not be the last such crisis, if we continue to let homebuilding be the primary deflator of an overheated economy.

Mr. President, it has been our practice to rely upon economic policies which periodically victimize the homebuilding industry. I propose that we devise economic policies which promise greater stability in allocating public and private savings to satisfy the growing shelter needs of the Nation.

I considered offering an amendment to the pending bill, but have decided instead to introduce a separate bill which may be studied prior to the next session of Congress. If there is no evidence of improvement in our national economic planning in the Economic Report of the President next January, the Congress should give prompt attention to the enactment of appropriate legislation.

Mr. COOPER. Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The Senator has that right. The amendment is withdrawn.

Mr. CANNON. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The assistant legislative clerk read the amendment, as follows:

On line 5, page 2, of the bill (1) strike out the period after "15,000"; (2) insert the following in lieu thereof: *Provided*, That the

Association is authorized to increase the foregoing amount to no more than $17,500.00 in any geographical area where the Secretary of Housing and Urban Development finds that cost levels so require."

Mr. CANNON. Mr. President, first, I want to commend the distinguished chairman and members of the committee for taking action in this field which is so urgently in need of assistance at the present time.

The amendment which I have proposed would simply provide that the administration could exceed the $15,000 limit in the special assistance area where the high cost of construction justified it, but not to an amount in excess of $17,500, which is the limit of assistance under the bill at the present time. I do not want to change that basic limit.

In the State of Nevada our construction costs are considerably higher than they are in most areas of the United States. This is brought about in part by the fact that many of our communities are isolated or far removed from world transportation. They are in high-cost labor areas. It virtually precludes construction of FHA assistance, particularly in the special assistance area.

I believe this amendment would give the association flexibility so that in cases where it would exceed the $15,000 limit, the authority would be in the bill itself.

I would hope the distinguished chairman of the committee would be willing to accept the amendment and take it to conference. This provision, of course, would require a justification to enable the association to exceed the $15,000 limitation in the special assistance areas.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. SPARKMAN. Mr. President, there has been protest and objection raised to this limitation of $15,000. Of course, the purpose of the measure is to aid low- and middle-income housing. However, we have recognized during the years that there are high-cost areas.

The Secretary pointed out in his letter that the $15,000 figure would not be effective except in relatively small parts of the United States. We have similar language to it under the FHA program now.

For my part, I am willing to take the amendment to conference. Let me say that I am confident there will be considerable discussion of this section of the bill, because the House bill did not provide for this, but gave it for additional capitalization.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. TOWER. Counsel has just pointed out that half of the mortgages are below $15,000.

Mr. SPARKMAN. That is true, but they are concentrated in relatively small parts of the United States.

If there is no objection, I am perfectly willing to take the amendment to conference.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Nevada [Mr. CANNON].

The amendment was agreed to.

Mr. CANNON. I thank the distinguished chairman.

Mr. WILLIAMS of Delaware. Mr. President, one of the questions I would like to get cleared in this proposal—and I speak first of the second section of the bill before us wherein we would provide $1 billion additional borrowing authority from the Federal Treasury—after they borrow the money from the Federal Treasury they can use it to purchase these mortgages which are in the possession of the banks and mortgage institutions——

Mr. SPARKMAN. Mr. President, if the Senator will yield; it is not under section 2. Under section 2 it is limited to the special assistance program, which would not be initiated until this bill became law. They could not buy the mortgages.

The staff director tells me the provision would be limited to new construction, subsequent to the enactment of the bill.

Mr. WILLIAMS of Delaware. That is correct, but they will be buying the mortgages.

Mr. SPARKMAN. The Senator from Delaware said "now held by banks."

Actually, it would be subsequently acquired by banks for new construction subsequent to the enactment of the bill.

Mr. WILLIAMS of Delaware. I was speaking in terms of after the bill has been enacted and the money has been borrowed from the Treasury. They will be able to buy mortgages which will then be held by the banks. Whether offered to them direct or not, they can buy the mortgages on the homes.

Mr. SPARKMAN. The Senator is correct if the Senator will include in his meaning that it would be only on mortgages on houses constructed after the law goes into effect. It is a new program.

Mr. WILLIAMS of Delaware. That is true, but my question is projected over the time when it will be functioning.

Once they had acquired these $1 billion worth of mortgages, paid for with the money borrowed from the Federal Treasury, instead of holding these as collateral for the loan from the Treasury they could sell the mortgages under participation certificates and use them as collateral. If we are going to provide authority to borrow $1 billion from the Treasury to buy the mortgages it seems to me the mortgages should be held as collateral for the Treasury loan.

Such a practice would be demanded in private industry. For example, if the Senator from Alabama went to a bank to borrow $10,000 to buy a piece of property and the bank loaned him the money for the specific purpose of buying that piece of property, he would not be expected to go to another bank and pledge that same property as collateral for another $10,000 loan.

I am suggesting that we should tie it down so that none of the mortgages purchased by the agency with moneys borrowed from the Federal Treasury under this program can be pledged as collateral for any other loan such as certificates of participation under FNMA. If they are going to borrow from the Federal Treasury let us make sure the agency keeps the mortgages as collateral, as security for the money which it borrows from the Treasury.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. TOWER. I do not think the analogy goes to pledging horses, for example, or real estate, or personal property, for a loan at a bank, because a mortgage is a negotiable instrument. The collateral is negotiable unless there is a default on the loan, but a mortgage is a negotiable instrument. That is what gives it a unique quality.

Mr. WILLIAMS of Delaware. I do not question that mortgages are negotiable instruments. We will change the example to a more negotiable factor. Mr. X borrows $10,000 from a bank to buy General Motors bonds. Technically, one would think that those bonds would be held as collateral for this loan even though they are not demanded.

Mr. X cannot go to another bank and pledge those bonds as collateral for a second loan. No bank would stand for it.

Under this measure FNMA can borrow from the Federal Treasury $1 billion. It can take the $1 billion and buy mortgages. It can then use the mortgages as collateral under the participation certificates for another loan. That is wrong.

I suggest we amend this bill to provide that none of the mortgages purchased with money borrowed from the Federal Treasury can be pledged as collateral for repayment of any of the participation certificates sold by FNMA. I am not saying it will be done, but I understand it can be done. If there is no intention for it to be done then it should be stated in the law.

Mr. SPARKMAN. There is one condition before they are able to do it. Under the law they must get authority for anticipated sales of participations from the appropriation committees of both Houses of Congress and get clearance before they are allowed to sell. So it is not something that they can do on their own. They must get clearance.

Mr. WILLIAMS of Delaware. Oh, yes, they must get clearance, and they got it yesterday for the $3¼ billion assets of the various agencies mentioned under the bill passed. They could use the authority of the bill passed yesterday and sell them. The Senator is correct when he says that this authority must be granted, but it has been granted. I do not criticize the Appropriation Committee for what it did. Congress authorized that action when we authorized the sale of the assets. One of the reasons why I voted against the bill yesterday was that it was a misleading concept for operating our Government.

The committee report indicated that we were appropriating for those respective agencies assisted within that bill yesterday, $2.25 billion less than we appropriated the year before. That is not true. In actual cash available these agencies had $1 billion more than they had the year before. That is not a part of the argument here today, I grant.

But we would grant authority here today for FNMA to borrow $1 billion from the Federal Treasury, and then they could buy the mortgages. After they have bought those mortgages they can sell them under the authority they received yesterday. I do not think they should be able to take the mortgages bought with money borrowed from the Federal Treasury and be allowed to pledge that collateral for the payment of another billion dollar loan.

If that is the intent, let us correct it. If it is not the intent, let us enact legislation so that it cannot be done.

One of the officials told me it is not the intent. He said, "We would not do this."

I said, "All right; you should have no objection then to our saying you cannot do it."

They have confirmed that they can do it under the law as it stands now. The provisions of this bill if it passes would extend that authority.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. SPARKMAN. May I make a suggestion to the Senator from Delaware? Instead of making that an obsolute restriction, why not put a term or time on it? Why not say they must hold them for at least 5 years?

Mr. WILLIAMS of Delaware. No; if they want to sell them at the end of 5 years we will be here. We may not all be here, but Congress at the end of 5 years can, if it wishes, authorize the sale. Conceivably, Congress may want to sell them the next year or the year after. I would not; I do not think it is a sound practice at any time.

One of the gentlemen from the agency tried to tell me, "We do not want to do this. We would not do it."

All right. There should be no objection then to saying that they cannot do it. If they intend to do it let us have that open and clear here now, but I cannot conceive of Congress approving a proposal which would have that effect. I am reasonably certain that was not the intention of the committee.

But why stop it for only 5 years? Let us stop it completely. If they wish to sell at the end of 5 years let them come back and ask. If Congress wants to approve it at the end of 5 years, appropriate legislation can be enacted then as well as now.

I am opposed to such authority at any time.

Mr. SPARKMAN. The whole purpose of the participation act—or at least one of its purposes—is to give some movement to these assets which have ripened into considerable maturity. I do not think there would be any particular object in changing it quickly. My thought was that instead of more or less reversing what we did just a few months ago, and just stopping it on this particular program—we would be earmarking this billion-dollar program to do it differently from the way the other special assistance programs are being done—I am confident they would not do it for a number of years, and it seems to me it might be reasonable to put a 5-year limitation on it.

Mr. WILLIAMS of Delaware. They could come back at the end of 5 years. I understand what the Senator is talking about.

But if we make a 5-year limitation we are more or less saying that after they have held them awhile we would condone such a practice, and I do not.

It is my belief that you just do not sell assets after you have borrowed money for that specific purpose. It is a bad practice.

This would not in any way restrict them from operating as the committee intends under this bill in the procurement and buying of these mortgages. The only thing we would say is that if they buy the mortgages with money borrowed from the Federal Treasury they will hold them, and if they are paid off they will use the proceeds to pay off the loan to the Federal Treasury and not pledge them as collateral to pay off another loan.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. SPARKMAN. Of course, this is something new that has been brought out. As I have stated two or three times already, I know we are going to have considerable discussion on this section 2 in the conference committee. I am perfectly willing, and I have spoken to the Senator from Texas [Mr. TOWER] and he says he is willing, for us to take it to conference.

I would like to reserve this right: I certainly would stand for whatever is agreed to in the Senate in the conference; but I would like for us to have an opportunity to check into the matter with the agency and with the Bureau of the Budget.

Mr. WILLIAMS of Delaware. But I want it clear that I offer this amendment with the full intention that I expect the conferees to hold it. It is not just procedural action as far as I am concerned.

I am in earnest. I want this practice stopped.

Mr. SPARKMAN. When I go to conference, I shall go there with the intention of holding to the decision of the Senate.

Mr. TOWER. I think the Senator from Delaware knows I will stand for his position in conference.

Mr. WILLIAMS of Delaware. Yes, I understand that.

I send my amendment to the desk, Mr. President, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the appropriate place insert:

"None of the mortgages purchased by this agency with the proceeds of any money borrowed from the Federal Treasury can be pledged as collateral for repayment of any participation certificate sold by Federal National Mortgage Association."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware.

The amendment was agreed to.

Mr. WILLIAMS of Delaware. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. TOWER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRUENING. Mr. President, I send to the desk an amendment and ask that it be stated. I shall read it myself, because it has recently been modified to conform to the amendment of the Senator from Nevada [Mr. CANNON]. I offer this amendment in behalf of myself, the distinguished senior Senator from Hawaii [Mr. FONG], the junior Senator from Hawaii [Mr. INOUYE], and my colleague [Mr. BARTLETT].

The amendment is as follows:

On page 2, line 5, before the words "the total" strike the period and the quotation mark and insert ", except that such ceiling amount for mortgages covering property located in Alaska, Guam, or Hawaii may be increased not to exceed 50 per cent to compensate for higher housing costs in those areas."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alaska.

Mr. WILLIAMS of Delaware. Mr. President, I did not hear the Senator state his amendment. I ask that it be read by the clerk.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

On page 2, line 5, before the words "the total" strike the period and quotation mark and insert ", except that such ceiling amount for mortgages covering property located in Alaska, Guam, or Hawaii may be increased not to exceed 50 percent to compensate for higher housing costs in those areas."

Mr. GRUENING. Mr. President, I offer this amendment to attempt to equalize the mortgage problem on new construction for Alaska, Guam, and Hawaii. It is my understanding that the figure of $15,000 in section 2 was arrived at as the amount of the average mortgage on new construction throughout the lower 48 States.

The amendment would permit the Federal National Mortgage Association to purchase mortgages in Alaska, Guam, and Hawaii in amounts up to 50 percent greater than the $15,000 limitation. This language conforms to existing language governing the mortgage limitations for homes insured by the Federal Housing Administration and the Veterans' Administration. FHA is authorized to insure mortgages in amounts up to $25,000 except that in Alaska, Guam, and Hawaii, because of very high construction costs, FHA may insure mortgages in amounts up to $37,500.

However, in Alaska, the average mortgage amount is $29,000 on FHA-insured mortgages.

This amendment would provide that in Alaska, Guam, and Hawaii, the Federal National Mortgage Association would be authorized to purchase mortgages in amounts up to $22,500.

The problem in Alaska, Hawaii, and Guam is particularly acute. FHA insures mortgages at a far higher rate in

these areas than elsewhere in the country. The impact of any mortgage limitation for these areas is so great as to impede any new construction or the resale of homes. Alaska, for example, depends upon the Federal Housing Administration almost entirely for capital for new construction. FHA insures nearly 80 percent of all mortgages in the State.

This amendment merely recognizes existing national housing policy. It adds no new concept to our national housing laws. We have long recognized the fact that high land and construction costs and shortages of capital have caused the cost of home construction in these three areas to rise far above national averages. This amendment is needed for Alaska, Guam, and Hawaii in order that these areas may share in the limited amount of new construction mortgage money which will be made available by S. 3688. Failure to include the amendment will mean virtually cessation of new housing starts in these already tight-housing areas.

Alaska, Hawaii, and Guam, particularly Alaska and Guam, are chronically short in mortgage capital. All three areas are experiencing extraordinary population growths. The pressure on available financial resources is great at all times, but especially severe now.

As the distinguished chairman of the Senate Banking and Currency Committee [Mr. SPARKMAN] told us yesterday, residential construction is down sharply and indicators reveal that the trend downward will continue in coming months. We have a housing shortage which threatens to negate our efforts to build the Great Society.

Mr. FONG. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. FONG. Mr. President, I am very happy to associate myself with my colleague, the distinguished Senator from Alaska, on his amendment. I subscribe to everything he has said concerning the very high cost of construction in Alaska, Guam, and Hawaii.

The provisions of the measure which is now before the Senate are to be found in some of our laws dealing with FHA mortgages.

This is nothing new. Heretofore, Hawaii, Guam, and Alaska have been accorded a special privilege because of the very high cost of construction.

Speaking for Hawaii, the cost of housing is very high. The construction of homes is primarily concentrated on the island of Oahu. Oahu has an area of only 600 square miles. Approximately 600,000 people are on that island. When we divide 600,000 by 600, we find that there are 1,000 people per square mile. We can see how densely populated the island of Oahu is. Land is very expensive on the island of Oahu. Within 3 miles of the city of Honolulu, I doubt if one can purchase a piece of land for less than $3 per square foot. In the outlying areas, the value of land runs approximately $1.50 a square foot.

We have a very limited land area on the island, and there is a great concentration of people.

Almost all of our construction materials must be imported. The laws governing zoning and construction on Hawaii are very stringent.

These factors have combined to make Hawaii a very high cost construction area. If we were limited to $15,000 mortgages, all our construction would cease on the island of Oahu.

The pending bill would not alleviate the very serious condition which exists there.

Speaking for the island of Guam, Guam is another 2,000 miles away from Hawaii.

Guam is experiencing the same high construction cost as Hawaii because it has to import all of its materials.

Mr. President, this is a very good amendment. This amendment will do justice to our three outlying areas which are so far away from the mainland of the United States.

The amendment will help to alleviate our very bad housing problems.

I am very happy to join the distinguished Senator from Alaska and shall support his amendment.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. TOWER. Mr. President, I believe this is a reasonable amendment. I think that it is really more realistic than the amendment originally submitted, which amendment would impose a limitation of $18,750, because even that falls below the average cost of construction in most of Hawaii and Alaska.

Mr. President, if my distinguished colleague, the chairman of the subcommittee, is prepared to accept the amendment, I certainly am.

Mr. SPARKMAN. I agree with what has been said. I call attention to the fact that this is in conformity with existing law on FHA and other programs. I am willing to accept it.

Mr. GRUENING. Mr. President, I am very grateful to the chairman.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. WILLIAMS of Delaware. Mr. President, to what type of construction would the amendment apply?

Mr. GRUENING. It would apply to all units, I understand, in the States of Hawaii, Alaska, and in the Territory of Guam.

Mr. WILLIAMS of Delaware. Would it apply to multifamily units?

Mr. GRUENING. I think it would apply to all of them.

Mr. TOWER. They are not going to build any multifamily units for $22,500.

Mr. WILLIAMS of Delaware. That is the point I want to make clear. The reason I raise that point is that there has been a substantial overbuilding in Alaska according to the reports, with a resulting alarming rate of failures with relation to multifamily units. If the amendment relates to the individual homes I have no objection.

Mr. TOWER. These are single-family dwellings.

Mr. GRUENING. Mr. President, I say parenthetically to the senior Senator from Delaware that his comments on the housing situation in Alaska are not quite in accord with my understanding. I shall comment on that at the appropriate time. In this case, the amendment applies only to individual housing units.

Mr. WILLIAMS of Delaware. My comments to the Senator from Alaska are based upon documents furnished to me by the Housing Administration in Washington. Based upon the manner in which they sometimes enforce the law I would not be surprised if they are confused as to what is going on in Alaska.

The list given to me shows that in the city of Anchorage there were seven multifamily projects which had been approved, and six of those were failures. That gave me great concern. These were multifamily projects.

I understand that this amendment relates to single-family units, and I have no objection.

Mr. TOWER. I assure the Senator that this relates only to single-family units.

Mr. SPARKMAN. Mr. President, I understand the Senator from Hawaii has a modification to the amendment.

Mr. FONG. Mr. President, my suggested modification is, after the word "for," add the words "single-family dwelling." I ask the Senator if he will agree to accept the modification.

Mr. WILLIAMS of Delaware. Mr. President, with those words added in the amendment I have no objection.

Mr. GRUENING. Mr. President, I ask that my amendment be so modified.

The PRESIDING OFFICER. The amendment is modified accordingly.

The question is on agreeing to the amendment as modified.

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

MORE MORTGAGE CREDIT IS NEEDED TO EASE THE BUILDING CRISIS

Mr. YARBOROUGH. Mr. President, I recently received a letter which began:

> In the past several months we have been concerned with getting mortgage money at a decent price. We are now faced with the problem of getting mortgage money at any price.

Today this situation is all too typical all over the country. The June figures for housing starts in the country are 18 percent below what they were a year ago. In Texas, June housing starts were 13 percent below May and 17 percent below what they were a year ago.

I ask unanimous consent that an editorial from the August 1, 1966, Dallas Morning News be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Dallas Morning News, Aug. 1, 1966]

BUILDING CRISIS

Texas building statistics released Sunday confirm what builders have been saying for a long time: Tight money has brought construction starts to the lowest level in years and the situation is worsening.

June building authorizations in Texas were 13 per cent below those in May and 17 per cent smaller than in June, 1965, as measured on the 1957–59 index, compiled by the University of Texas Bureau of Business Research.

Except for February, 1965, the June index was the lowest since 1961.

Seriousness of the situation was reviewed with President Johnson last week by a 6-man group, headed by Larry Blackmon of Fort Worth, president of the National Association of Home Builders. Mr. Blackmon commented ithat the President was concerned with the tight-money situation not only as it influences building, but because of the entire economic situation.

In Congress pressure is rising for a rollback of interest rates. Many different proposals have been advanced, all arising from the recognition that any deep, prolonged recession in building will hurt every aspect of the national economy.

Interest rates, inflation and related complexities are far beyond the understanding of the layman. But the home builder paralyzed with inactivity and the workman on relief know that something must be done to release the financing that is needed. The nation hopes that the President and his advisers will find some sound basis for avoiding the extremes of inflation or deflation and for maintaining a reasonable level of construction to meet the requirements of a growing population.

The construction industry, residential and commercial, is like the automobile industry: When it slumps, a hundred related activities are hurt—raw building materials, appliances, financing institutions. When the industry proceeds at a steady pace, the effect is favorable on the whole economic index.

Mr. YARBOROUGH. Mr. President, the cause of the problem is a shortage of mortgage credit. In a recent speech John E. Horne, Chairman of the Federal Home Loan Bank Board, said that he saw the problem as composed of two parts: very strong demand for credit in the economy at large and the special competition for savings funds that has hurt the savings and loan associations, which are leading mortgage lenders.

I ask unanimous consent that an article recounting Mr. Horne's speech be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Aug. 1, 1966]

MORTGAGE MONEY: SOME EASING SEEN—HOME LOAN CHIEF FORESEES POTENTIAL DAYLIGHT AHEAD BUT REMAINS CAUTIOUS—CALLS FOR REGULATION—NOTES SCATTERED EVIDENCE OF LENDERS COMING BACK TO THE CREDIT MARKET

(By Edwin L. Dale, Jr.)

WASHINGTON, July 31.—John E. Horne, chairman of the Federal Home Loan Bank Board, foresees "some potential daylight ahead" in the difficult mortgage money situation, but he believes that "the possibility of restoration of an easy mortgage market is far more remote."

Mr. Horne assessed the entire mortgage and homebuilding problem in a lengthy speech to the Wisconsin Home Builders Association yesterday in Oshkosh. The text was released here.

Because of rising interest rates on market securities and competition from commercial banks, he said, savings and loan associations had an inflow of funds in the first seven months of this year 75 per cent less than in the period last year. This includes an estimated outflow of $1.1-billion in July.

DEMAND FOR CREDIT

Mr. Horne saw the mortgage problem as having two parts—the "very strong demand for credit" in the economy at large, and the special competition for savings funds that has hurt the savings and loan associations, which are leading mortgage lenders.

He said the demand for credit "cannot be dampened without a major change in Government policy or economic activity" and added that "it is probably not realistic or wise to expect either in the near future."

However, he continued, "there is some feeling on the part of a number of observers that the plant and equipment boom may decelerate a bit," and it is also possible that credit demand "will rise more slowly from now on because the major upward adjustment in credit demand is behind us."

PRESSURE ON RATES

If this proves true, he said, the economy should generate a level of savings "sufficient to reduce the degree of upward pressure on interest rates."

Mr. Horne also suggested that mortgage lenders had "over-reacted" to the change in savings flows, but now were ready to readjust their thinking.

"There is currently some scattered evidence," he said, "that lenders are coming back to the market, at least to the extent that their loan repayments permit. A somewhat greater willingness to lend is not far off . . ."

Mr. Horne renewed his plea for legislation to permit regulation of interest rates paid by both banks and thrift institutions, asserting that use of this authority "would give a better balance to savings flows and improve the availability of mortgage money."

Mr. YARBOROUGH. Mr. President, of course the strong demand for credit is a result of our very active, full employment economy. It is a desirable situation, I feel, that there exist a strong demand for mortgage credit. It is a sign of economic activity, a sign that more Americans than ever before are building homes. However, it is absolutely necessary that this strong credit demand be met with an adequate credit supply.

In the present situation Congress is gearing up to move in at least two different directions to deal with the problem. Bills have been introduced in the Senate and in the House which would help bring some element of peace to the interest rate war between commercial banks and the savings and loan associations.

S. 3688, the bill before us today, would directly alleviate some of the pressure in mortgage credit by stimulating the flow of credit for FHA- and VA-assisted residential construction.

In the words of the committee report, the bill "is aimed at stimulating the flow of mortgage credit to finance FHA and VA residential construction in two ways. First, it would provide new borrowing authority to the secondary mortgage facility of FNMA by authorizing FNMA to issue debentures up to 15 times its capital instead of the current authority of 10 times. The effect of this is to add about $2 billion new purchasing authority under this facility. Second, the bill would further increase FNMA's purchasing authority by authorizing an additional $1 billion in its special assistance function to purchase FHA and VA mortgages which do not exceed $15,000."

We have got to insure an adequate supply of credit for our homebuilding industry. Failure to do so would be serious indeed. Employment would fall. Related industries would be affected. Perhaps the greatest injustice would be to the small homeowner, who has been faithfully paying installments on his mortgage down through the years. If he has to sell his house or if for some reason he has to refinance his loan, he will see most or all of his equity vanish.

Mr. President, I wish to commend the distinguished junior Senator from Alabama [Mr. SPARKMAN] for the expeditious manner in which he has guided this legislation through the Banking and Currency Committee and brought it here to the Senate floor today. We are really in somewhat of a crisis situation, and fast action is necessary before the situation gets much worse.

I ask unanimous consent that a letter from Mr. J. Max Quenon, president of the El Paso Home Builders Association, be printed at this point in the RECORD. Mr. Quenon's letter is representative of many which I, and I am sure other Senators also, have received on this subject.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HOME BUILDERS ASSOCIATION OF EL PASO,

El Paso, Tex., July 22, 1966.

Hon. RALPH YARBOROUGH,
U.S. Senate,
Washington, D.C.

SENATOR YARBOROUGH: In the past several months we have been concerned with getting mortgage money at a decent price. We are now faced with the problem of getting mortgage money at any price. The growing scarcity of funds for mortgage lending purpose is a result of an unprecedented period of capital expansion by private industry coupled with the vast needs of Federal Government to finance the Viet Nam conflict and to meet the promises of the Great Society. The decision of Federal Government to provide both guns and butter without a corresponding tax increase or other means of financing could result in only one thing: . . . The Federal Government must borrow. The result of these factors is that the demand for money exceeds the supply. Like any commodity money is subject to the law of supply and demand. We have already experienced an increase in interest rates due to this but are now faced with the prospect of being unable to obtain funds.

Within the past few weeks I am aware of several mortgage investors, major lenders in the El Paso market, who have simply closed their doors to prospective home owners with the statement, "Sorry, no more loans at this time". Low cost housing and resale of existing properties have specially been penalized through exorbitant costs of financing and an unwillingness of lenders to make funds available for these people.

The Federal National Mortgage Association is a Federal Agency created for the explicit purpose of backstopping the private mortgage market, that is, to make sure that funds are available for home ownership in the United States. This agency has been woefully inadequate in fulfilling its function during the present mortgage crisis, for the simple reason that the funds were not available. Mr. Borrett will ask that legislation be passed increasing F.N.M.A.'s borrowing authority for the purpose of enabling F.N.M.A. to once again fullfill its basic function, to make the dream of homeownership a realization for all Americans. One of the unique aspects of the present mortgage crisis is that while the overall state of the economy is experiencing a boom condition, the Homebuilding Industry is suffering a bust. . . . Housing starts are down 13% from last year with the balance of the year expected to show a further decrease. According to the survey recently conducted by the National Association of Homebuilders, builders have cut back their projected construction by

35% in El Paso. Residential building permits are off by 33%. During the past 2½ months new dwelling permits have decreased to 200 units as compared with 299 units for the same period last year.

The amount of new house commitments issued by the local F.H.A. Office is off 40% from last year, during this same period. This indicates that there has been a greater percentage decrease in Federal Insured Loans than in Conventionally financed loans.

These statistics have little meaning unless you are one of the unhappy homebuyers unable to obtain a loan or are one of the 525 unfortunate wage earners who are losing their jobs because of the cutback. . . . I repeat that 525 people are being put out of work in the city of El Paso by the current mortgage crisis.

This seemingly odd situation of a lagging homebuilding industry in the midst of a healthy and robust economy is not too hard to understand when you look at it. Because of the robust nature of our economy we are experiencing inflation throughout the nation. As near as the grocery store, as far as the lumberyard, prices are up, up, up. When your wife goes to buy back to school clothes next month you will spend considerably more than you did last year.

The Federal Government is well aware of this and has established rules and guidelines for business, labor and private citizens to abide by in an effort to stem the tide. There are indications that they might even get around to checking themselves to combat inflation.

One of the most effective means the Federal Government has to control the state of the economy is through the Home Building Industry. It is my opinion that the current mortgage crisis and the corresponding slump in homebuilding is no accident or unfortunate turn of events but was deliberately ordained to happen by the Administration. Witness the failure of F.N.M.A. to perform its function, and the failure of F.H.A. to authorize rate increase to attract mortgage funds from private investors.

The situation in which we now find ourselves was indeed no accident. We have been handpicked by the Administration to slow down the economy and stem the tide of inflation. This means that business will slow down (33% decline in building starts), that purchases will not be made . . . (Sorry—No Loans Now) and the employees will be laid off. . . . (Situations Wanted: 525 Trained People in Construction And Construction Supplies). It means that things are going to get tough in El Paso and every other community across the nation.

But let's face it . . . Our nation is at war. Some of our good El Paso neighbors are risking their lives this very minute in Viet Nam. What little sacrifice we have been requested to give is insignificant in this context. The wars of the nations are fought at home as well as on the fronts. The Home Building Industry must be prepared and proud to meet national demand at such times.

The Home Building Industry however, is entitled to and expects all segments and industries to carry their load. I submit that the Administration has been discriminatory in crippling our industry in the midst of a booming economy and call for an end to such selective controls.

The damage being inflicted to our industry is severe and will have effect on the entire community. We are willing to carry our burden but we need a life line to keep our head above water. And we feel that selective control of the economy as is now being exercised should be discontinued. Therefore, we urge the passage of S 2535 as soon as possible.

Cordially,

J. MAX QUENON,
President, Home Builders Association, El Paso.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed a bill (H.R. 14765) to assure nondiscrimination in Federal and State jury selection and service, to facilitate the desegregation of public education and other public facilities, to provide judicial relief against discriminatory housing practices, to prescribe penalties for certain acts of violence or intimidation, and for other purposes, in which it requested the concurrence of the Senate.

CIVIL RIGHTS ACT OF 1966

The PRESIDING OFFICER. The Chair lays before the Senate the message from the House of Representatives just received, and directs the clerk to read it by title.

The LEGISLATIVE CLERK. A bill (H.R. 14765) to assure nondiscrimination in Federal and State jury selection and service, to facilitate the desegregation of public education and other public facilities, to provide judicial relief against discriminatory housing practices, to prescribe penalties for certain acts of violence or intimidation, and for other purposes.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have the bill read the second time.

Mr. ERVIN. I object.

Mr. RUSSELL of Georgia. I object.

The PRESIDING OFFICER. The second reading of the bill will go over until tomorrow.

Mr. MANSFIELD. Mr. President, with the receipt this morning of H.R. 14765, the Civil Rights Act of 1966, the leadership recommends to the Senate a parliamentary course of action which, it is believed, will be most beneficial to orderly consideration and the earliest disposition of the question.

Technically, the second reading of the House-passed bill will not occur until tomorrow during the morning hour. Therefore, all Members are on notice of the action which will be pursued. I shall not be able to be present in the Senate tomorrow, since I will be returning to Montana. I have asked the senior Senator from Michigan [Mr. HART], who will handle this bill on the floor, as he did so brilliantly last year on a similar measure, to represent the majority leadership on all matters pertaining to this bill during my absence.

After the second reading of the bill tomorrow, the Senator from Michigan will object to further proceedings on the bill under rule 14, paragraph 4. This objection has the effect of sending the House-passed bill directly to the Senate Calendar. The step is necessary, even if a motion to refer to committee with instructions to report on a date certain were to be made. It is not my present intention, however, to recommend referral in that fashion. Rather, I think the better alternative is to keep the House-passed bill on the Senate Calendar until the Senate is prepared to take up this question.

Under this procedure, the House-passed bill will be eligible to be called up for consideration by the Senate at any time from next Monday on. However, I wish to give assurance that the leadership does not intend to move on the bill until September 6, the day after Labor Day. It is hoped that by that time the Senate Judiciary Committee will have completed action on the Senate bill which was referred to it and to which it has already devoted considerable time and effort during the past few months. If and when the Senate Judiciary Committee reports that bill, similar in many respects to the House-passed bill, the leadership will give precedence to the Senate product over H.R. 14765.

I think that the retention of the House bill on the Senate Calendar in this fashion is the most desirable course of action. The only practical alternative, as the leadership sees it, would be a referral of H.R. 14765 to the Judiciary Committee with instructions to report back at a certain time. Since that committee has been considering the companion bill for almost 3 months, it would seem that referral of the House bill for a 10-day to 2-week or 3-week period would be more disruptive than productive. By following the course outlined, the Senate committee retains the option of reporting out the Senate bill. Even if it elects to do so after the commencement of floor consideration of the House bill, as I have already stated, the leadership is prepared to proceed with the Senate bill. That can be done by substituting it for H.R. 14765. In the event that the Judiciary Committee chooses not to report the Senate bill, we have the House-passed bill ready for action on the floor.

On September 6 the leadership will ask the Senate to proceed to its consideration.

I am frank to say that I have very grave doubts that the Senate bill will come out of the Judiciary Committee at the end of the 2 weeks or 2 months or 2 years. By ways and means best known to himself, the able chairman of the committee [Mr. EASTLAND] has repeatedly interposed his towering presence in the procedural corridor between the Judiciary Committee rooms and the Senate floor. Once in position, he has proved time and again that he is immovable. Indeed, it has invariably taken almost the entire Senate to bypass him. I live in hope that the Senator from Mississippi, the distinguished chairman of the Judiciary Committee, will change his ways, that he will see the light. But each year that passes finds him not less but more intractable.

I mean the able Senator from Mississippi no offense by these observations, but the leadership has suffered his operations too many times in these questions to expect any miracles. This issue seems always to bring out the resisting best or worst in the Senator from Mississippi, depending, of course, on one's point of view.

Prior to this announcement I have conferred with the parties who are primarily involved and interested in the handling of this bill. The distinguished minority leader [Mr. DIRKSEN] and I discussed the matter a couple of weeks ago.

At that time I expressed an inclination to refer the House-passed bill to the Senate committee for a specified period of time. With his usual graciousness, the cooperative minority leader agreed to assist me in that course. However, after further consideration of the matter, the decision was made by me to follow the procedural course which I have just outlined. When advised of the decision, the understanding minority leader has again given me his patient forebearance.

I reiterate that, with the present scheduling, the next 3 weeks will afford the committee an opportunity to study the House language while working on the Senate bill. I think that this is the course to be preferred over referral of the House bill, since it places the emphasis where it belongs, in this body, on the Senate committee, and the work which it has already completed.

I do not suggest, Mr. President, that the recommended procedure is necessarily the best, certainly there are other possibilities. But the leadership has had to make a judgment. On the basis of a long experience in these matters and the present set of relevant circumstances, it is the judgment of the leadership that the course proposed is the least disruptive and, hopefully, will prove the most productive, in obtaining an early and satisfactory disposition of this bill.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. JAVITS. I am disquieted by one thing in the statement of the Senator from Montana. Other than that, I agree with the Senator; and as one Senator deeply interested, I shall do my utmost to support him. I am concerned about the plan that the Senator has for substituting the Senate bill if reported.

Mr. MANSFIELD. Yes.

Mr. JAVITS. At any stage of the proceeding. I am sure the Senator is aware that, if we follow the history of civil rights bills, this bill might be debated for several weeks. I just wondered as to the majority leader's view if at the end of that time, after the House bill has been worked on and amended, and so on, suddenly the Senate committee should report a bill. Would that stop everything and require us to return to the Senate bill, work on that, and junk the House bill?

Mr. MANSFIELD. Not at all. I think that any committee of the Senate is entitled to that courtesy. As far as I am concerned, the Committee on the Judiciary will receive it. This House-passed bill, which I hope will be on the calendar on Monday next, is also subject to amendment, and only the Senate by a majority vote can agree to an amendment. The wisdom of any amendment either as to timeliness or to substance is for the Senate as a whole to decide.

Mr. JAVITS. The Senate, of course, would have its option?

Mr. MANSFIELD. It would, indeed.

Mr. JAVITS. If at a very late date in the consideration along would come a committee bill?

Mr. MANSFIELD. The Senator is correct.

Mr. JAVITS. Will the Senator yield for a parliamentary inquiry?

Mr. MANSFIELD. I yield.

Mr. JAVITS. Will the Chair acquaint the Senate with the practice under which this bill, having been placed on the calendar, may by motion be referred to a committee?

The ACTING PRESIDENT pro tempore. The Parliamentarian advises the Chair that at any time the bill is on the calendar, a motion to proceed with its consideration is in order.

Mr. JAVITS. What would be the situation with respect to referring it to a committee?

The ACTING PRESIDENT pro tempore. After agreement had been reached to proceed to its consideration, a referral motion would be in order.

Mr. JAVITS. But not before?

The ACTING PRESIDENT pro tempore. Not before.

Mr. JAVITS. I ask that question for the information of the Senate.

Mr. MANSFIELD. It is my understanding that once a bill has been placed on the calendar, it is subject to a motion to take up and then to the motion to refer, about which the Senator from New York has raised the question.

The ACTING PRESIDENT pro tempore. It has to be before the Senate for consideration; then a motion to refer to a specific committee would be in order.

Mr. JAVITS. I thank the Senator.

Mr. EASTLAND. Mr. President, I think that an attempt to bypass a committee destroys the legislative process, and at the proper time either the chairman or some Senator will move to send the bill to the committee.

The Senate is entitled to a section-by-section analysis by a committee of whatever bill is before it. The Senate is entitled to take testimony from experts in the field, and not attempt to legislate on the floor of the Senate.

Here we have a situation in which the House of Representatives has added 26 amendments to this bill. There is no legislative history. Nobody knows what they mean; and nobody can tell what they mean. After all, this bill is going to cause a great number of lawsuits, and the courts need a committee report and they need a legislative history in order to competently interpret what this legislation means.

Under this procedure there will be no official spokesman for the Committee on the Judiciary to handle this bill on the floor of the Senate.

In 1957, then-Senator Harry F. Byrd made a speech in opposition to H.R. 6127 that certainly is entitled to consideration.

Senator Byrd of Virginia said:

I am proud to be a Member of the Senate, which I regard as the greatest legislative body in the world. The rules of the Senate, basically handed down through Thomas Jefferson, are one of the reasons for the great respect in which this body is universally held.

I have been honored by long membership in the Senate, and I can tell Senators from experience that when we start breaking, bypassing, and tampering with the rules of the Senate, we are in trouble. It is invariably unnecessary trouble, and frequently it is serious trouble. It is like telling a lie. One cannot do it just once—just a little bit—and get by. Each time leads to another, and with each breach one becomes more involved.

Senator Byrd then stated the following:

What happens next in this chain of rule-breaking events? The Senate will be deprived of the benefit of committee report containing carefully stated majority and minority views. And, deprived of committee report, the Senate will be deprived also of the benefit of the requirements of the Cordon rule under which the changes made in existing law by this bill must be set forth clearly in comparative form.

I think the Cordon rule was very beneficial to the orderly consideration of legislation. Why should not the changes in the law be set out?

The former Senator from Virginia, Mr. Byrd, continued:

The importance of this information was dramatically demonstrated only last week when the senior Senator from Georgia [Mr. RUSSELL] showed the Senate, the Nation, the President, and the press—to the confessed surprise of all—how designing drafters had hidden the fact that a reconstruction era statute could be invoked under H.R. 6127 to provide the armed might of the United States for enforcement of the bill's provisions. This bayonet force is only a sample of the kind of vicious stuff of which this bill is made. I cite it at this point only to show the need for the Cordon rule which is bypassed under the Senate procedure chosen by proponents of the bill.

How many more rules will be so ruthlessly swept aside in this procedure, so unworthy of the Senate, no one knows, but I venture the assertion that the end is not in sight.

History has shown that Senator Byrd was right. We have had rules by bayonet since that time. But, Mr. President, it is very serious when we tamper with the rules of orderly legislative procedure.

I am informed that in the House of Representatives many amendments were placed in this bill at the last minute by a close vote without adequate consideration, and by the Judiciary Committee of the House by a closely divided vote.

Why is it that a committee of the Senate will not have the opportunity to look at those amendments put in by the House committee and understand their meaning?

In addition, as I said, there were 26 amendments offered or adopted from the floor of the House of Representatives. The House was operating as a Committee of the Whole, and it is proposed here that the Senate operate as a Committee of the Whole.

The distinguished majority leader mentioned the chairman of the committee. Yes, I am opposed to this bill, but I am just one person on that committee.

There are other ways in which this bill, if the committee does not report it, can be brought to the floor for consideration, as every Senator knows.

I say that there is no rhyme or reason at all in not thoroughly considering this bill. Why is it that the House bill has not been considered at all by the Senate committee? The bill that is being put on the calendar has not been considered at all by the Senate committee. And yet, we are depriving the Senate of what that

bill means by an analysis by a committee. It is very strange that the only time we resort to this procedure is when civil rights bills come to the Senate, even though they can be brought to the floor of the Senate by other means.

Mr. President, I think that this is a horrible procedure. It is going to haunt us as long as this precedent is obeyed or is used in the Senate.

Mr. THURMOND. Mr. President, will the Senator yield?

Mr. EASTLAND. I yield.

Mr. THURMOND. Does the distinguished Senator from Mississippi [Mr. EASTLAND] know of any other class of bills that consistently have been placed on the calendar as have the civil rights bills?

Mr. EASTLAND. I know of none. But this bill, the one that the majority leader proposes to put on the calender, has not even been considered by the Committee on the Judiciary. The Senator from North Carolina [Mr. ERVIN] and his subcommittee have been zealously working on a Senate bill for 3 months.

Now, we propose to place a bill on the calendar and consider it when it has not been considered by a Senate committee and a good part of it has not been considered by a House committee.

Mr. THURMOND. Regardless of what is in the bill, and regardless of the merits of the bill, does the Senator feel that any bill should be placed on the calendar and the appropriate committee denied the right to consider a House bill in detail, analyze it, study it, and make a report, so that the Senate will have the benefit of such report?

Mr. EASTLAND. The Senator is correct. But it is broader than the Senate, because the courts consider legislative history. Here we have a bill with no legislative history.

(At this point Mr. MONDALE is in the chair.)

Mr. THURMOND. When civil rights is mentioned, a great many Senators nearly go into hysteria, and as soon as civil rights is mentioned it is assumed it is something good, when some of the most vicious and unconstitutional legislation has been passed through Congress under the phrase "civil rights."

Mr. EASTLAND. Civil rights; but depriving one area of the country of liberties and rights and things; and it does not take those same rights away from people all over the United States of every section.

Mr. THURMOND. Is it not true that because they attach the words "civil rights" to a bill, a certain segment of the population is led to believe that they will be favored in some respect, that the bill is calculated to help them regardless of what is in the bill, and that the ultimate purpose of the administration in recommending it, as well as on the part of certain leaders in Congress who propound such proposals, is to receive political benefits?

Mr. EASTLAND. That is correct. The Senator is exactly right. Not benefits but special favors—to receive special favors.

Mr. THURMOND. I am speaking about the administration, which advocates such bills and thereby expects to receive political benefits from such advocacy of civil rights bills.

Mr. EASTLAND. That is exactly right.

Mr. THURMOND. Is that not an unwise course to pursue and, in fact, is that not an unstatesmanlike method to proceed to legislate, for the administration to recommend—or for Members of Congress to agree that Congress go along with—such legislation when they know, or should know, that such legislation is unconstitutional and is merely being advocated in order to get the votes of certain classes of people?

Mr. EASTLAND. I agree with my friend, the Senator from South Carolina, and thank him for his comments.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. After the lapse of 1 day, second reading on a civil rights bill becomes automatic; is that correct?

The PRESIDING OFFICER. It comes automatically during the transaction of routine morning business if the Senate adjourns tonight.

Mr. DIRKSEN. This will be on tomorrow. At that point, is it in order for a motion to send the bill to committee?

The PRESIDING OFFICER. It depends on how it is transacted and who gets the floor first.

Mr. DIRKSEN. If, perchance, there should be objection to further consideration of the matter, then such a motion would not be in order?

The PRESIDING OFFICER. The Senator is correct.

Mr. DIRKSEN. It would then automatically go to the calendar?

The PRESIDING OFFICER. Yes.

Mr. DIRKSEN. I thank the Chair.

Mr. MANSFIELD. Mr. President, may we have order, and in the galleries?

The PRESIDING OFFICER. The Senator will suspend. The Senate will please be in order. The Senator from North Carolina may proceed.

Mr. ERVIN. Mr. President, I rise for the purpose of asserting that the House-passed civil rights bill, H.R. 14765, ought to be sent to the Senate Judiciary Committee, where it will receive adequate scrutiny and consideration. It will receive such scrutiny and consideration because the members of this committee are lawyers with divergent views concerning proposals of this nature. The views of advocates of so-called civil rights legislation will certainly be adequately presented because 10 of the 16 members of the Senate Judiciary Committee joined in the introduction of the Senate bill, S. 3296.

It has been a procedural impossibility to secure adequate presentation and consideration of civil rights proposals in the initial stages in the subcommittee of the House Judiciary Committee for reasons I shall presently state.

I have always held to the conviction that there should be fair procedure in the courts and also fair procedure in legislative bodies. However, I am constrained to say that there is an exception to the rule for fair procedure as a practical matter in legislative processes dealing with the bills which are designated as civil rights bills.

The fact is, in the House, these bills are handled by a subcommittee which conducts the hearings and takes initial action on them. There has never been, so far as I can recall, a single member of that subcommittee who has ever opposed a civil rights bill or has ever threatened to oppose a civil rights bill.

I am not going to say that the subcommittee in the House is packed, because that might be unjust and would in any event be in violation of the rules; but I am constrained to say that it is rather a curious coincidence in the working of the legislative system that all the members of the House Subcommittee having jurisdiction of so-called civil rights proposals are united in a single thought in respect to such proposals despite the fact that the full House committee and the House itself are sharply divided in respect to such controversial and divisive proposals when they vote on them. Since the House subcommittee conducts the hearings on such proposals and takes the initial action upon them, this means that all the opposition to civil rights proposals in the full House Judiciary Committee and the House itself must come from Members who are not privileged to participate in the hearings when the record is made or in the initial action. For these reasons, Members of the House who oppose civil rights proposals are seriously disadvantaged, and the House-passed bill should be sent to the Senate Judiciary Committee for further consideration.

MILITARY MEDICAL BENEFITS AMENDMENTS OF 1966

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 having arrived, the Senate will now proceed to vote on H.R. 14088. The Senator from North Carolina will be recognized immediately after the vote.

Mr. MANSFIELD. Mr. President, how much time does the Senator need?

Mr. ERVIN. I would like to have a little time, but I am ready to release the floor at this time. I ask unanimous consent that I may be recognized after the vote.

The PRESIDING OFFICER. The Senator from North Carolina will be recognized.

The legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, reserving the right to object——

The PRESIDING OFFICER. A roll-call is underway. Debate is not in order.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Indiana [Mr. BAYH], the Senator from Louisiana [Mr. ELLENDER], the Senator from Tennessee [Mr. GORE], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Maryland [Mr. TYDINGS] and the

Senator from Montana [Mr. METCALF] are absent on official business.

I also announce that the Senator from Tennessee [Mr. BASS], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL] and the Senator from Minnesota [Mr. MCCARTHY] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from Tennessee [Mr. BASS], the Senator from Indiana [Mr. BAYH], the Senator from Louisiana [Mr. ELLENDER], the Senator from Tennessee [Mr. GORE], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Montana [Mr. METCALF] and the Senator from Maryland [Mr. TYDINGS] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] is absent because of illness.

The Senator from Iowa [Mr. MILLER] is necessarily absent.

If present and voting, the Senator from Utah [Mr. BENNETT] and the Senator from Iowa [Mr. MILLER] would each vote "yea."

The result was announced—yeas 87, nays 0, as follows:

[No. 200 Leg.]

YEAS—87

Aiken	Hart	Muskie
Allott	Hartke	Nelson
Anderson	Hickenlooper	Neuberger
Bible	Holland	Pastore
Boggs	Hruska	Pearson
Brewster	Inouye	Pell
Burdick	Jackson	Prouty
Byrd, Va.	Javits	Proxmire
Byrd, W. Va.	Jordan, N.C.	Randolph
Cannon	Jordan, Idaho	Ribicoff
Carlson	Kennedy, N.Y.	Robertson
Case	Kuchel	Russell, S.C.
Church	Lausche	Russell, Ga.
Clark	Long, Mo.	Saltonstall
Cooper	Long, La.	Scott
Cotton	Magnuson	Simpson
Curtis	Mansfield	Smathers
Dirksen	McClellan	Smith
Dodd	McGee	Sparkman
Dominick	McGovern	Stennis
Douglas	McIntyre	Symington
Eastland	Mondale	Talmadge
Ervin	Monroney	Thurmond
Fannin	Montoya	Tower
Fong	Morse	Williams, N.J.
Fulbright	Morton	Williams, Del.
Griffin	Moss	Yarborough
Gruening	Mundt	Young, N. Dak.
Harris	Murphy	Young, Ohio

NAYS—0

NOT VOTING—13

Bartlett	Gore	Metcalf
Bass	Hayden	Miller
Bayh	Hill	Tydings
Bennett	Kennedy, Mass.	
Ellender	McCarthy	

So the bill (H.R. 14088) was passed.

The title was amended, so as to read: "An act to amend chapter 55 of title 10, United States Code, to authorize an improved health benefits program for retired members of the uniformed services and their dependents, and the dependents of active duty members of the uniformed services, and for other purposes."

Mr. RUSSELL of Georgia. Mr. President, I move that the Senate insist on its amendments and request a conference with the House of Representatives thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SYMINGTON, Mr. CANNON, Mr. YOUNG of Ohio, Mrs. SMITH, and Mr. TOWER conferees on the part of the Senate.

Mr. SYMINGTON subsequently said: Mr. President, because of the importance of the bill just passed, I ask unanimous consent that the name of the senior Senator from Georgia [Mr. RUSSELL], the chairman of the Armed Services Committee, be added to the list of conferees on the part of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, the unanimous passage just recorded of the military medicare bill is testimony not only to the sentiment in this body that the military man well earns each of these benefits but also to the skill and effort of the distinguished senior Senator from Missouri [Mr. SYMINGTON] and the distinguished and lovely Senator from Maine [Mrs. SMITH]. Their efforts on this bill as on all measures dealing with military affairs has been exemplary.

In addition, the distinguished junior Senator from New York [Mr. KENNEDY] is to be singled out for commendation for the part he has played in the fashioning of this bill with respect to the physically and mentally handicapped. His efforts in this general field are long standing and well known.

To the Senate as a whole the leadership expreses its gratitude for their cooperation in expeditiously completing another significant measure.

THE CIVIL RIGHTS ACT OF 1966

The PRESIDING OFFICER (Mr. KENNEDY of New York in the chair). Under the previous order, the Senator from North Carolina is recognized.

Mr. ERVIN. Mr. President, I was arguing that H.R. 14765, the civil rights bill of 1966, should be sent to the Committee on the Judiciary. When my remarks were interrupted for the vote, I was stating the undoubted fact——

Mr. BYRD of West Virginia. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from North Carolina may proceed.

Mr. ERVIN. I was stating the undoubted fact that the hearings in the House on this bill, and the initial action taken in the House on the bill, were conducted by a subcommittee whose membership did not include a single Representative opposed to civil rights legislation.

For that reason, the hearing——

Mr. BYRD of West Virginia. Mr. President, may we have order?

Mr. JAVITS. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senate will be in order. The Senator from North Carolina will suspend until order in the Chamber is restored.

The Senator may proceed.

Mr. ERVIN. For that reason, the hearing record on the House bill was largely made and molded by proponents of the bill. Opponents of the bill were denied, as a matter of procedure, the right to cross-examine witnesses who advocated the bill; and under such circumstances, those opposed to such legislation in the House of Representatives had to do the best they could to fight the bill after it came from the subcommittee to the full committee and after the bill came from the full committee to the House floor. They had no opportunity in either case to conduct hearings and make a record for use in the debate on the House floor.

Therefore, I urge that the House bill should be sent to the Committee on the Judiciary, which has a few opponents, and many proponents, of legislation of this character. As I have already pointed out, 10 of the 16 members of the Committee on the Judiciary are cosponsors of the Senate bill.

The House bill has made many drastic changes in the provisions of the administration bill as originally introduced. These changes ought to be carefully scrutinized by a committee with a membership consisting of those who advocate this type of legislation and those who oppose this type of legislation.

I have consistently opposed all legislation of modern vintage which goes under the beguiling name of civil rights legislation because, without exception, it is subject to three inherent vices.

The first is that it undertakes to give not equal rights, but superior rights, to one group of our citizens at the expense of the curtailment of the rights of all Americans.

The second vice is that it centralizes power in the Federal Government in many areas which should be left to the States and the people. The third vice is that in all too many cases it delegates legislative power as well as judicial power to executive departments and agencies of the Federal Government in spite of James Madison's truism that such consolidation of governmental power produces tyranny. This is particularly true in respect to title VI of the Civil Rights Act of 1964.

When Congress wrote that act, it included in it two things to free the medicare program from the tyrannies of the bureaucrats. One provision of title VI was that the powers of the executive departments and agencies administering Federal programs should exist only in respect to federally financed programs.

Since the Medicare Act is based upon social security, it is supported by social security taxes which do not belong to the United States. This is expressly recognized by the fact that such taxes are segregated—I should not use that word, I guess, but I will—in a trust fund for the beneficiaries of the medicare program. However, what do the bureaucrats care about what Congress says. They have shown that they do not care what Congress has said in respect to the medicare field.

Mr. President, the medicare program is clearly an insurance program. Indeed, it is a part of a program actually called old-age and survivors insurance.

Any insurance contract program is exempt from the provisions of the title by the express language of title VI of the Civil Rights Act of 1964.

Medicare represents a statutory insurance contract between the beneficiaries of the program and the United States of America, but a little thing like a congressional declaration that it does not have any jurisdiction under title VI of any insurance contract does not stop the Department of Health, Education, and Welfare from usurping and exercising such jurisdiction.

If Congress gives executive departments and agencies an inch of authority, they take a mile for every inch given them.

A provision was written into the Civil Rights Act of 1964 prohibiting assigning children to public schools to overcome racial imbalances. The Department of Health, Education, and Welfare has absolutely ignored that provision of the Civil Rights Act of 1964, and today it has a large segment of the country in a turmoil because of its insistence upon guidelines which are in absolute violation of the act that the guidelines are allegedly adopted to enforce.

The House bill is like the Senate bill in that it proposes that all Americans shall be robbed of property rights they have enjoyed since our Republic was established. It proposes, moreover, that another massive Federal agency should be created and vested with despotic authority to deny to the American people who happen to own residential property, or even land on which residences could possibly be built, not only of two of the main attributes of the right of private property; namely, the right to use their property as they see fit in the case of rental property, and the right to select the persons to whom they will sell the property in the event they wish to sell, but also of adequate access to courts to protect their rights.

This is a drastic bill which has come over from the House. The House bill ought to be scrutinized carefully, and some committee ought to be vested with authority to study it and propose amendments to it. The appropriate committee under the rules of the Senate, and under the Reorganization Act, is the Senate Committee on the Judiciary.

The committee ought to be vested with authority at least to make a recommendation as to whether the Senate should consider the Senate bill or the House-passed bill.

The committee is denied that power under this procedure. They are denied the power to propose amendments or to recommend the adoption of amendments to the House-passed bill.

These things should be carefully considered by the Judiciary Committee. However, under this procedure, the Judiciary Committee will have no more jurisdiction over the House-passed bill than it has over the budget of the Japanese Government.

Mr. President, this is one time when we have a civil rights proposal which is absolutely different from every civil rights proposal that we have had since I came to the Senate.

The House-passed bill, like the Senate, undertakes for the first time in modern history to gore some oxen which do not belong to southerners.

I would warn my brethern who do not dwell below the Mason-Dixon line that they had better be on guard in respect to the housing provision, and in respect to the change which the House has made in the original administration bill for the establishment of an administrative agencies to bypass the courts and to circumvent jury trials for the enforcement of this act. These things merit grave consideration by all Senators who love liberty and loathe tyranny.

The Subcommittee on Constitutional Rights has been very diligent. It conducted hearings on the Senate bill, and invited before it the representatives of organizations in every case where such action was suggested to it by any member of the subcommittee.

Despite this diligence, many of the aspects of the House bill have not been touched upon by these hearings, and we have not had the benefit of the testimony of witnesses concerning many of these newly adopted provisions of the House bill.

When the Subcommittee on Constitutional Rights began its consideration of the Senate bill, which, as I have remarked, is cosponsored by 10 of the 16 members of the Committee on the Judiciary, I did not attribute too much importance to title I, the title which deals with Federal juries. In accordance with the practice of the subcommittee, however, I did send a copy of the bill containing that title to the chief judge of the U.S. District Court for the District of Columbia and, in accordance with routine procedure followed in such cases, invited his comments upon that title.

At the instance of the chief judge of the U.S. District Court for the District of Columbia, District Judge Holtzoff wrote me, as chairman of the subcommittee, a letter pointing out many defects in title I.

Upon receipt of his letter, I deemed it wise to send copies of the bill to all the chief judges of the U.S. district courts in the United States, and have received replies from approximately 40 of the chief judges. Virtually every one of these replies condemns the provisions of title I of this act as imposing terrific administrative problems upon the U.S. district courts, and threatening to cause a deterioration in the quality of jurors in the Federal courts.

In addition, we had 10 clerks of the U.S. district courts—one from each of the circuits of this Nation except the fourth circuit—appear before the subcommittee in a body. Each one said that title I should not be passed at this time but, on the contrary, should be referred to the Judicial Conference, with the request that it be studied by the Conference before action is taken.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. ERVIN. I am delighted to yield to the distinguished Senator from Georgia.

Mr. TALMADGE. Did the distinguished Senator from North Carolina see in yesterday afternoon's press, and also in this morning's press, that the Attorney General took it upon himself to go to Montreal, Canada, to quell the so-called revolt of the American Bar Association on the very subject the Senator is discussing?

Mr. ERVIN. Yes. And I noticed in the news dispatch relating to the visit of the Attorney General to Montreal that he stated that the judges who had stated opposition to title I were misinformed. He did not state by whom they received the misinformation. With due deference to the Attorney General, I will say that I do not accept the validity of the Attorney General's opinion on this point. I will say in this connection that, as chairman of the Subcommittee on Constitutional Rights, I sent each chief judge a copy of the bill containing title I; and I presume that they read title I for themselves and reached their own conclusions with respect to the workability and desirability of title I, which undertakes to govern the future composition of juries in Federal courts.

Mr. TALMADGE. Will the Senator yield further?

Mr. ERVIN. I am glad to yield.

Mr. TALMADGE. Will the Senator agree with me that a trial judge, who actually conducts a trial, is a better man to determine something about the qualifications of jurors than an administrative officer who sits in Washington?

Mr. ERVIN. I certainly agree with my good friend, the junior Senator from Georgia.

I have just been informed by a member of the subcommittee staff that we have received letters from 44 U.S. district court judges—that is, the chief judges of the U.S. district courts—from all areas of the United States, saying that title I is ill-advised and unworkable and ought not to be passed in its present form.

Many of them say that before any drastic change is made—such as title I would make—in the qualifications and selection of Federal jurors, the matter should be thoroughly studied by bodies like the Judicial Conference.

Mr. TALMADGE. Mr. President, will the Senator yield further?

Mr. ERVIN. I yield.

Mr. TALMADGE. In the inquiry that the distinguished chairman of the subcommittee made, did he find a single Federal judge anywhere in the United States—north, south, east, or west—who was in favor of the proposed title I of the bill?

Mr. ERVIN. I did not find a single judge who advocated title I of the bill.

As a matter of fact, I have attempted to make this information available to Members of the Senate by inserting in the CONGRESSIONAL RECORD the statements of District Judge Holtzoff of the District of Columbia and these chief judges; Thomsen of Maryland, Kent of Michigan, Bootle of Georgia, Zavatt of New York, Carswell of Florida, Kerr of Wyoming, Van Dusen of Pennsylvania, Connally of Texas, McManus of Iowa, Miller of Arkansas, Meredith of Missouri, Register of North Dakota, Stanley of North Carolina, and Steckler of Indiana.

Since that time, I have received other letters from other chief judges who take a similar position.

Mr. TALMADGE. Will the Senator yield further?

Mr. ERVIN. I yield.

Mr. TALMADGE. Is it not true that jurors have control over all the property that every American citizen possesses anywhere in the United States?

Mr. ERVIN. They do, in all cases where Congress has not enacted laws which were designed primarily to circumvent the very sacred right of trial by jury.

Mr. TALMADGE. Do they not, also, have control over the very lives and the liberty of every citizen of the United States in a proper trial before them?

Mr. ERVIN. Upon their verdicts depend the property rights, the contract rights, the reputations, the liberties and the lives of American citizens in all areas of this Nation.

Mr. TALMADGE. Does not the Senator agree, then, that those men or women, as the case may be, ought to be honorable and upright individuals, with character and discernment?

Mr. ERVIN. I do. Whenever the Federal judges have urged reforms in the Federal jury system, they have always declared it is just as important to have intelligent jurors, who are men of character, as it is to have judges who are intelligent and are men of character. At all times the Federal courts have adopted procedures which are designed to procure for service on Federal juries men of intelligence and men of character, as high a degree of intelligence and character as can be found among the different segments of our population.

Mr. TALMADGE. As a matter of fact, it is necessary that they have as much character and discernment as the President of the United States. Is that not true?

Mr. ERVIN. The Senator is correct.

Mr. TALMADGE. The President of the United States cannot take away one's property, can he?

Mr. ERVIN. He cannot.

Mr. TALMADGE. A jury can take away one's property, can it not?

Mr. ERVIN. It can.

Mr. TALMADGE. The President cannot take away one's life, can he?

Mr. ERVIN. He can not.

Mr. TALMADGE. A jury can take away one's life, can it not?

Mr. ERVIN. A jury can.

Mr. President, this bill provides that instead of attempting to get intelligent jurors and jurors who are men of character, the jurors shall be selected at random, from registration lists.

Mr. President, I looked in the dictionary to see what the words "at random" mean. They are used to describe, so the dictionary says, any course of action which is aimless and without purpose. And yet the Attorney General is quoted in the press as having said to the American Bar at Montreal that the country needs title I so badly it cannot brook any delay in its passage. I am sorry that I was not in Montreal to debate the matter with the Attorney General. I would have pointed out why title I is so unworkable from an administrative standpoint and why its enactment would expedite the deterioration of juries in Federal district courts.

With respect to title II, I do not know who drafted it, but it is my opinion from reading and studying title II that whoever drew it had had no experience in trials in court. Any competent lawyer could take title II, if it is enacted in its present form, and prevent any criminal case from ever coming to trial in a State court. This is so because it gives a litigant, as a matter of right, the power to invoke interminable procedures without showing any basis for any claim that there has been any discrimination in the selection of the jurors in the jurisdiction of which that court sits. It is so absurd in its provisions that under it a millionaire who is being tried on a charge of gambling in violation of State law could challenge the composition of juries because the jury box does not contain the names of a sufficient number of paupers or hoboes.

Mr. President, I wish to reiterate with all possible emphasis my conviction that the House bill should be sent to the Committee on the Judiciary, and that the Committee on the Judiciary should study the bill and recommend amendments to it. Otherwise, these tasks will have to be performed by Senators acting individually, without the benefit of discussion with other members of the committee.

Mr. President, there is a moving story in today's Washington Post—one of high drama. It appears on page 6 under the headline, "ABA Heeds Katzenbach Rights Bill Plea."

A better title might have been "White House Jet to the Rescue: A Melodrama in Two Acts Concerning How the Attorney General Saved the American Bar Association From Itself."

Mr. President, although I am unable to pay its expenses, I must accept responsibility for the Justice Department's capture of Montreal. Some weeks ago, I submitted title I of the administration's proposed Civil Rights Act to the chief judges of all Federal district courts for their views.

Thus far, 47 have replied; none have endorsed it; and 44 have objections.

One of these judges was Chief Judge Thomsen of the Maryland court. Judge Thomsen, according to the press, not only wrote the subcommittee, but also talked to William L. Marbury, a distinguished Maryland attorney who later introduced a resolution against title I at the American Bar Association convention in Montreal. As the press has it, the resolution was about to pass overwhelmingly when Solicitor General Marshall brought the message to Garcia. Immediately, reinforcements were dispatched.

I have never talked with Mr. Marbury about this subject. But as a veteran of battles both with and against the Justice Department, I know how he must have felt when the entourage from Justice arrived in Canada. Like Custer, he was amazed at all the Indians.

The end was predictable. As the Post has it, "the resolution was finally defeated by a 3-to-1 margin, but only after a series of close votes."

Of course, the result might have been different if the 44 judges from across the country had White House jets at their disposal; but strangely enough, they were not offered.

Mr. President, most intriguing are the quotes attributed to the title I forces during the heat of battle and in the flush of victory.

My choice for the most eloquent is that of the hero himself:

"I can't wait" for more study, [sic] the Attorney General said. "We can't live with the present system. We need this legislation."

I know the Attorney General; and in spite of his eloquently modest protestations to the contrary, he is both intelligent and patient. So patient, in fact, that he did not even ask for the legislation during his first 4 years as Deputy Attorney General and Attorney General or even during the first 4 months of this year.

During all of that time, the Justice Department, the Judicial Conference, and the American Bar Association supported H.R. 5640, a bill contradictory to title I which has passed the House and is pending in Senate committee.

Mr. Katzenbach is reported as saying that the judges were misinformed. As the judges could only have based their views on the language of title I—which is all I provided them—I shall be interested to learn who did the misinforming.

Before the Subcommittee on Constitutional Rights, the Attorney General made no such accusation. Rather, it was his contention that "the judges had misread the provisions of the law." It is quite remarkable that 44 chief judges—all appointed with the endorsement of the Justice Department—have attained the same level of illiteracy.

But my candidate for the most remarkable quote of the year is that attributed to one of the Nation's most distinguished lawyers, Edward W. Kuhn, president of the American Bar Association. Mr. Kuhn, according to the Post, said:

Who are we to tell the Congress of the United States how to run its business?

In the event that the question was not meant rhetorically, the answer to Mr. Kuhn is "You are the organization that advises Congress more often than anyone else as to how to run its business, and I might add, you do an excellent job. You do it so often and so well that Senator ROBERT BYRD made a speech on the subject on March 4 of this year."

In that speech, he praised the ABA for "lobbying in its most honorable sense."

On May 4, I wrote and congratulated Senator BYRD on that speech as follows:

As one who feels that he has been uniquely subjected to the ABA's pressures for a number of years, I feel qualified to endorse your statement. The ABA deserves to be highly praised for the outstanding public service which it has devoted to the legislative process, and it is most gratifying that you have seen fit to honor it.

Indeed, Mr. President, the American Bar Association maintains an office in

Washington with full-time responsibilities for advising Congress as to how to run its business. I know, because I am advised frequently by it, and it has been of inestimable assistance to me over the years.

Finally, my nomination for the most important quote is that of ABA president-elect Orison S. Marden, who said the Attorney General's appearance was "a striking lesson of the need for deliberation." I agree.

I have never feared for the deliberative processes of the American Bar Association, but the comments of the Federal Judiciary on the hastily and poorly-drafted title I leave me deeply skeptical of the deliberations of the Justice Department.

Mr. President, there is no doubt that the Attorney General on his dashing jet saved the fair maiden, title I—at least, for the moment. But with sympathetic determination, I shall do my best to see that he is not stuck with the shrew for the remainder of his administration.

As I told the Senate last week, I originally interposed no objection to title I. However, after giving the matter more study and submitting the provision to the judges, there is no doubt in my mind but that we should postpone consideration of the title until the Judicial Conference has had an opportunity to study it.

At that time I placed in the RECORD the letters of the following judges and clerks as samples of the views the subcommittee has received: Judges Holtzoff, of the District of Columbia, Thomsen, of Maryland, Kent, of Michigan, Bootle, of Georgia, Zavatt, of New York, Carswell, of Florida, Kerr, of Wyoming, Van Dusen, of Pennsylvania, Connally, of Texas, McManus, of Iowa, Miller, of Arkansas, Meredith, of Missouri, Register, of North Dakota, Stanley, of North Carolina, and Steckler, of Indiana; and Clerks Peck, of Nebraska, Keller, of New Jersey, Earl, of Connecticut, and Anderson, of Washington.

I now ask unanimous consent that the Washington Post article to which I referred earlier, an excellent—if less fanciful—editorial from the Charlotte Observer of August 8, entitled "New Federal Jury Control Won't Accomplish Its Goal," and—an additional sample of judicial opinion—the letters of the following chief judges, be inserted at this point in the RECORD:

Judges Hodge, of Alaska, Gourley, of Pennsylvania, Miller, of Tennessee, Arraj, of Colorado, Sheehy, of Texas, and Stanley, of Kansas.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington (D.C.) Post, Aug. 11, 1966]

ABA HEEDS KATZENBACH RIGHTS BILL PLEA

MONTREAL, August 10.—The American Bar Association, heeding an earnest plea by Attorney General Katzenbach, overwhelmingly refused today to oppose the jury selection section of the Administration's civil rights bill.

Katzenbach made a flying trip to the ABA's 89th convention to support the provision after a Maryland group headed by William L. Marbury of Baltimore started a move to put the organization on record against it.

A resolution backed by the Marylanders drew only 55 votes in the ABA's 275-member House of Delegates, the policy-making arm of the Association.

The Marbury group objected to the requirement in the bill that jurors be selected at random from voter registration lists. Only illiterates, felons, non-citizens, non-residents and the mentally or physically infirm would be exempted.

PLEA FOR INTELLIGENCE

Marbury told the delegates that jurors should be selected in such a manner as to obtain "a jury of as high a degree of integrity, intelligence, morality and common-sense as possible." This is the standard laid down in law at the present time.

Katzenbach said if Marbury has a system for guaranteeing common-sense on the part of jurors, "I'm all for it."

But he said no one has explained what such a system would be "No other list is more fair than a voter list," he told the delegates.

Before finally voting on the Marbury resolution, the House of Delegates turned down an effort to send the resolution to the ABA section on Judicial Administration for study and another one requesting Congress to defer action until the Judicial Conference of the United States has made recommendations on the subject.

The Judicial Conference, composed of the Nation's leading Federal judges, was not asked for its views on the current legislation. Marbury said many Federal judges oppose it.

ABA President Edward W. Kuhn of Memphis said he thought the lawyers would "look pretty silly" if they asked congressional delay.

"Who are we to tell the Congress of the United States how to run its business?" he asked the delegates.

KATZENBACH'S PROBLEM

Katzenbach explained that, unless the bill passes, a recent decision of the Fifth U. S. Circuit Court of Appeals presents him with a "massive problem" of what juries now hearing cases are valid.

The Fifth Circuit, which encompasses a large section of the South, struck down the "key man" system of selection, under which key members of a community are asked to suggest names of jurors.

The Circuit Court said this method did not bring in the broad cross section of the population required by law.

Katzenbach said, there may be as many as 44 Federal districts outside the Fifth Circuit where jury selection is under a cloud because of this decision.

"It may be that the Association can wait," Katzenbach said. "I can't . . . I can't delay if the process of justice is to continue in this country."

Incoming ABA President Orison S. Marden said Katzenbach had given "a striking lesson in the need for deliberate consideration" of the question before ABA action.

"But for him," Marden said, "the House might have taken a vote we would later regret."

[From the Charlotte (N.C.) Observer, Aug. 9, 1966]

NEW FEDERAL JURY CONTROL WON'T ACCOMPLISH ITS GOAL

All the congressional scuffling over open housing has tended, unfortunately, to kick up a cloud of dust that has effectively obscured debate on the remainder of President Johnson's civil rights proposals.

This is particularly troubling with respect to Titles I and II, which seek to ban discrimination against Negroes (and women and poor people) in the selection of state and federal juries.

That is an admirable goal, and one that is becoming more and more palatable, in the Rep. JAMES T. BROYHILL recently polled his South as well as elsewhere. For example, constituents in North Carolina's ninth congressional district and was somewhat surprised to find that 55.3 per cent said they favored such a federal law covering state juries.

Even North Carolina's Sen. SAM J. ERVIN Jr., the bete noire of civil rights proponents, at first saw no particular difficulty with Title I, which covers federal juries. ERVIN saw constitutional problems with Title II, covering state juries, but he saw no reason why Congress should not at least move to set things aright in the federal courthouse.

Then, almost unnoticed in the furor surrounding open housing, serious doubts began to crop up. Federal district judges, answering ERVIN'S routine request for comment, replied almost unanimously that Title I was unworkable as drafted by the Justice Department.

Some judges were worried that emphasis on getting a true community cross section for jury duty would lower the quality of federal juries. But the dominant objection was simply that the proposed machinery for federal jury selection was impractical.

This position was seconded by 10 outstanding federal court clerks, who were specially chosen to come to Washington to help revise the federal court clerks' manual. ERVIN invited them to testify, and they agreed, to a man, that the administration's proposal would not work.

It seems unlikely that the technical problems detected by the judges and clerks will be ironed out by amendments on the Senate floor. The subject is simply too complicated.

Now the question is whether the jury provisions will be rammed through Congress despite the expert warnings. Sen. ERVIN and Rep. BASIL L. WHITENER of Gastonia, who tried to raise the issue in the House, are in a poor position to call persuasively for another look, because they have cried "wolf" so often on civil rights matters.

But responsible legislators, including those who favor civil rights legislation, will be letting the country down if they simply ignore the problems of Title I and II.

U.S. DISTRICT COURT,
DISTRICT OF ALASKA,
Anchorage, August 4, 1966.

Re S. 3296.

Hon. SAM J. ERVIN, Jr.,
Chairman, Subcommittee on Constitutional Rights, Committee on the Judiciary, U.S. Senate, Senate Office Building, Washington, D.C.

DEAR SIR: Reply to your letter of July 1, inviting comments on Title I of the above Bill with respect to the manner of jury selection in the federal courts, has been unfortunately delayed on account of attendance upon our Ninth Circuit Judicial Conference and an attempted vacation, and pressure of judicial business following such. However, I note from your statement submitted with your letter that Title I has not been and apparently is intended to be submitted to the scrutiny of the Judicial Conference of the United States and the American Law Institute, as the Chief Justice has suggested, and as surely ought to be done. There appears to be ample time for consideration of this matter by your Committee and the whole Committee on the Judiciary. I have discussed this matter quite fully with the Clerk of our court, Mr. J. M. Kroninger, and with my colleague, Judge Raymond E. Plummer, and we do have these comments to make:

Indeed we find strenuous objection to some of the provisions of Title I. We have no objection, of course, to the provisions of Secs. 1861 and 1862 of the Bill prohibiting discrimination as to persons serving on grand

and petit juries in the District Courts of the United States, although we do not have any such problem in Alaska. We also have no objection to the provisions of Sec. 1863, although we have followed the practice as to the drawing of a jury by the Jury Commissioner and the Clerk provided by the second paragraph of the present Sec. 1864 of Title 28 U.S.C.A.

With respect to Sec. 1864 of the Bill, we object to the provision for a master jury wheel in the manner provided by this section and especially as to the provision of subsec. (b) with respect to the minimum requirement of one percentum of the total number of persons listed on the voters' registration lists for the district and the limitation of the names in such wheel of not fewer than two thousand persons.

By statute Alaska constitutes one district, with no divisions therein, but we are required to hold court in five places, namely Ketchikan, Juneau, Fairbanks, Anchorage, and Nome. By reason of the vast area of the district it is absolutely essential that we maintain a jury box in each of those places in the district where we are required to hold court as is provided by subsec. (a) of Sec. 1865, Title 28 U.S.C.A. We find no such provision in the bill. Unless such provision is made it would be necessary to include in the wheel the names of persons residing at Attu, which is 1,714 air miles from our headquarters at Anchorage, or at Barrow, which is 1,070 air miles from Nome, and also it would be necessary to include the names of persons residing in remote areas and on islands from which there is no means of transportation other than by chartering an aircraft.

On the other hand, if the provision mentioned as to subsec. (a) of Sec. 1865, Title 28, is included in the Bill by amendment, such would be impossible to comply with in such places as Nome, in which district there are only 600 voters; although we could possibly comply with it at Anchorage.

We also object strenuously to the provision of subsec. (a) of Sec. 1865 of the Bill with respect to summoning all persons whose names are drawn from the master jury wheel to appear before the Clerk and fill out a juror qualification form to be prescribed by the Administrative Office of the United States Courts for the reason that this would put an impossible burden on both the jurors summoned and the office of the Clerk and would be an unnecessary expense to the government to bring persons in from remote areas to ascertain if they are qualified.

We do send out a jury questionnaire but make no mention of race or religion, and certainly agree that any such information should not be requested.

We also question the provisions of Sec. 1866 of the Bill to the effect that the Jury Commissioner shall determine *solely* on the basis of information provided on the juror qualification form or the returned summons whether or not a person is qualified for or exempt from jury service, for the reason that we feel that the jury, when impanelled, may still be examined briefly by the court or Clerk as to their qualifications, which is our practice.

We also question the provisions as to Sec. 1867 of the Bill with reference to challenging jurors at the time of trial in both criminal and civil cases as to compliance with the selection procedures provided by the Bill, which we think would be most burdensome on the court.

Mr. Kroninger has submitted to me a memorandum covering the method of jury selection in this court which we believe fully complies with the provisions of Secs. 1861 through 1867 of Title 28, together with a form of questionnaire submitted to prospective jurors and a form of letter sent therewith, which may be of interest to your Committee and which I will enclose.

Finally, we have no complaint as to the provisions of the present statute governing the manner of selection of jurors in our court and have never found any difficulty with compliance with such statute.

We make no comment with respect to Title II except to question, as your Committee apparently does, the right of the Congress of the United States to govern the manner of selection of grand and petit juries in the state courts.

I am sending copies of this letter and enclosures to our Senators E. J. BARTLETT and ERNEST GRUENING, and to our Representative RALPH J. RIVERS, of Alaska.

Very truly yours,

WALTER H. HODGE,
Chief Judge.

U.S. DISTRICT COURT,
WESTERN DISTRICT OF PENNSYLVANIA,
Pittsburgh, Pa., July 8, 1966.

Hon. SAM J. ERVIN, Jr.
Chairman, Committee on the Judiciary,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ERVIN: I have for consideration your letter of July 1, 1966 relative to Senate Bill 3296 in which you invite comments as to the provisions of the Bill as it relates to jury selection.

I am enclosing herewith a detailed statement of the procedure used in our district relative to the selection of juries, and I might state that in my 21 years as a member of the United States District Court, 15 of which have been in the capacity of chief judge, during said period of time we have followed and applied the same procedure. The method of placing individuals on the master jury wheel and the selection of juries was approved by the United States Court of Appeals for the Third Circuit and the writ of certiorari was denied by the Supreme Court of the United States.

If there is any comment which I have made that is not understood, if you would be kind enough to advise, I will be most happy to explain in greater detail.

Most sincerely,

WALLACE S. GOURLEY.

COMMENTS ON SENATE BILL 3296 IN THE U.S. DISTRICT COURT FOR THE WESTERN DISTRICT OF PENNSYLVANIA

We note that Section 1865 requires the Jury Commission to draw the names from the wheel, and then directs the prospective juror to appear before the Clerk and fill out a jury qualification form.

It has been the practice of this Court not to place any cards in the wheel until the application form has been studied by the jury commissioner or the Clerk. Of course our form is mailed to the prospective juror to be completed by the prospective juror himself. The new system would require the juror to appear in either Pittsburgh or Erie and we fail to see any provision in this Section for reimbursement of the said prospective juror for traveling expenses and time. Also, it must be understood that in this District people travel to Pittsburgh and Erie from distances of up to and over 100 miles. It would appear to perhaps create a hardship for them to appear at either place without reimbursement.

Our questionnaire contains no provision for giving race or religion of a prospective juror.

It is not clear to me as to what happens to an individual after he completes a questionnaire and is deemed qualified. Are those cards to be placed in another jury wheel, and when it is necessary to summon jurors for duty, another drawing is made from this second wheel which would contain those cards of citizens whom the jury commissioner and the Clerk deemed qualified?

This Court has at various times considered using the Voters Registration Lists, but so far we have been able to operate under the present system of obtaining a sufficient number from the recommendation system.

It would appear to me that under the system proposed by Senate Bill 3296 that this Court would require additional employees to handle the questionnaire part and interview the prospective jurors personally.

The jury system of this Court was sustained by the United States Circuit Court of Appeals for the Third Circuit in the case of Dow v. Carnegie Illinois, 225 Fed. 2d 414. Certiorari denied 350 U.S. 971.

Enclosures: Copy of jury questionnaire. Sample letter to various organizations to secure jurors.

JAMES H. WALLACE, Jr.,
Clerk.

U.S. DISTRICT COURT,
WESTERN DISTRICT OF PENNSYLVANIA,
Pittsburgh, Pa., December 17, 1965.

PRESIDENT OR SECRETARY,
Allison Park Elementary School P.T.A.,
Houston, Pa.

DEAR SIR OR MADAM: We are interested in securing the names of reliable persons, both men and women to place in the jury wheel for Federal Court at Pittsburgh for 1966 or thereafter, and we thought you might be in a position to recommend some suitable persons for such jury service.

Our system is called the "recommendation system." We take recommendations from organizations which do not exclude groups of people such as Parent-Teacher Associations, Labor Organizations, Veteran Associations and similar associations.

Anyone you desire to recommend for jury service should not be too old and be in good health. It is also not necessary that they be members of your organization. Jurors are paid $10.00 a day plus mileage of 10¢ a mile. Terms for petit jury service are usually for a two week period.

Thank you in advance for your kind assistance to our problem. We make no limit to the number of persons you may recommend, and you may use the reverse side of this letter for your recommendations if you so desire. An envelope which requires no postage is enclosed for your reply.

Yours very truly,

JAMES H. WALLACE, Jr.,
Clerk.

U.S. DISTRICT COURT FOR THE WESTERN DISTRICT OF PENNSYLVANIA QUESTIONNAIRE FOR PROSPECTIVE JURORS

Please answer the following questions (type or print) and return in the enclosed envelope which requires no postage. Your answers are for the use of the Court.

1. Name _____
   First Middle Last
2. Residence _____
   No. & Street City Zone County
   Business address ____ Home Phone____
3. Place of birth_____
   Date of birth_____
   Month Day Year Sex
4. If naturalized, state when?__ Where?__
5. How long have you lived at present address? _____ In County or State? _____
6. What is your occupation or business? __
   _____
7. Are you now employed?____ If so, give employer's name address and business__
   _____
8. Are you married or single?____ What is the name and occupation of your husband or wife? _____
9. Have you ever been known by any other name or names? _____ If so, state fully _____

10. Are you or have you ever been a member of, or affiliated with any group or organizations, knowing the purpose thereof, which advocates the overthrow of the United States Government by force or violence?_____
11. Can you read, write and understand English?_____
12. State your education background_____
13. In what organizations or fraternal societies do you hold membership?_____
14. Have you ever served as a juror?_____ If so, when, and in what Court?_____
15. Do you have any physical or mental impairments which would interfere with your serving as a juror?_____If so, state nature_____
16. Are your hearing and eyesight good?____ What is the condition of your health generally? _____ What is the name of your Doctor?_____
17. Have you or immediate members of your family employed any attorney?_____ If so, state reason_____
18. Have you ever been involved in any automobile accidents?_____ If so, state when?_____Were you injured? _____
19. Have you ever been a party in a law suit?_____If so, type?_____
20. Have you ever been convicted of an offense in a State or Federal Court?_____ If so, give details_____
21. Do you know of any reason why you cannot serve as an impartial juror?_____ If so, state reason_____ Are you a taxpayer?_____
22. Did you request to be placed on the jury list?_____If so, to whom?_____

I solemnly affirm that the answers to the foregoing questions are true and correct to the best of my knowledge and belief.

Date:_____ Signed_____

(Signature in own handwriting)

NOTE.—This is not a summons for jury service. If you are chosen for Service, you will receive a summons by certified mail for the time and place at which to appear.

U.S. DISTRICT COURT,
MIDDLE DISTRICT OF TENNESSEE,
Nashville, Tenn., July 14, 1966.

Hon. SAM J. ERVIN, Jr.,
Chairman, Subcommittee on Constitutional Rights, U.S. Senate, Washington, D.C.

DEAR SENATOR ERVIN: In reply to your letter of July 1, 1966, I have prepared the enclosed memorandum outlining in detail the procedures and mechanics used in the selection of jurors in the Middle District of Tennessee.

Also, I have reviewed Title I of S. 3296 which is being considered by the Senate Judiciary Subcommittee on Constitutional Rights, and the following comments are submitted regarding the changes it would require in our present procedures.

As outlined in the enclosed memorandum, the three principal steps in our present system are (1) the securing of names of persons qualified for federal jury service from individuals, or "suggesters," for inclusion in the jury box; (2) the drawing of names from the jury box; and (3) the appearance and qualification, in open court, of the jurors. As a result of the fidelity with which the court clerks and jury commissioners, under supervision of the Court, have applied themselves in this District to their duties in the administration of the jury system, our present procedures have operated successfully for many years, and were specifically upheld in the recent Hoffa and companion cases (United States v. Hoffa, 349 F. 2d 20 (C.A. 6, 1965)), cert. granted (review limited to questions not involving the jury (382 U.S. 1024). Prior to those cases, the system had not been challenged by any litigant.

Under Sections 1864, 1865 and 1866 of S. 3296, elaborate procedures entirely new in our District would be established, the four basic procedural steps being as follows:

1. The establishment and maintenance by the jury commission of a master jury wheel containing not less than 2,000 names selected at random from voter registration lists and from such other source or sources as the judicial council of the circuit, with such advice as the chief judge of the district may offer, shall prescribe. (Section 1864).

2. The drawing of names from the master wheel and the appearance before the clerk of each person whose name is drawn for the purpose of executing a juror qualification form. (Section 1865(a)).

3. The determination by the jury commission, on the basis of information provided in the juror qualification form, whether such person is qualified for or exempt from jury service. (Section 1866(a)).

4. The maintenance of a qualified juror wheel containing the names of persons determined to be qualified as jurors; the drawing, from time to time, from the qualified juror wheel, of such number of names of persons as may be required for assignment to grand and petit jury panels; and the preparation by the jury commission or by the clerk of a separate list of names of persons assigned to each grand and petit jury panel. (Section 1866(c).)

It is also noted that Section 1865(a) would prohibit, except for specified purposes, the disclosure of the names drawn from the master wheel. This would discontinue the Court's established policy and practice of making available to the public all lists of names of persons drawn for grand and petit jury service.

Other provisions of Title I, including the declaration of policy, the prohibition of discrimination, and the requirements that complete records be maintained by the clerk and jury commissioners, are consistent with the long-established policies and practices of our Court and would effect no changes in our present procedures.

I am in agreement with what I believe are the general objectives of Title I, but I feel strongly that it should be thoroughly considered by the Judicial Conference of the United States and by the American Law Institute before it is adopted. So far as our particular district is concerned, it would make the process of jury selection much more detailed and complex, but it is recognized that this is not a valid objection if the procedure will improve the quality of jury service and make our juries more nearly representative of the community. One feature of Title I which I question is the requirement that no person shall be required to serve as a petit juror for more than thirty calendar days in any two-year period. In my view, this period of service is entirely too short and will cause the jury process to lose the benefit of experience in handling different types of cases. Such experience is a valuable asset to the jury system and contributes materially to jury efficiency and dispatch, particularly in cases of some complexity.

Another questionable feature of Title I, in my mind, is the provision allowing the defendant to challenge non-compliance at any time "prior to the introduction of evidence at trial." I feel that this cut-off time should be fixed at some reasonable period prior to the date the case is set for trial. Otherwise, unnecessary delays and disruptions could result.

I am somewhat reluctant to express any opinion in regard to the jury aspects of Title II, since they concern the process of jury selection in the state courts and not in the federal courts. Obviously it is a drastic measure. I should hope that this portion of the Act, concerning, as it does, the administration of criminal justice by the states would be given the broadest and most intensive investigation. My personal experience has been that no additional procedures are needed in our district to protect the essential rights of state criminal defendants insofar as jury selection is concerned. This experience is derived from hundreds of habeas corpus reviews of state criminal convictions extending over eleven years. What we are after here, I would hope and suppose, is not uniformity of method throughout the United States, but essential fairness under the requirements of the due process and equal protection clauses of the Fourteenth Amendment. Aside from any question of congressional power, I feel that the best interests of justice will be subserved by allowing the states to devise their own practices and procedures for the administration of criminal justice, including the process of jury selection, so long as such practices and procedures are not essentially unfair, arbitrary or discriminatory.

With kindest regards, I am,

Most sincerely,

WM. E. MILLER.

U.S. DISTRICT COURT,
DISTRICT OF COLORADO,
Denver, Colo., August 2, 1966.

Hon. SAM J. ERVIN, Jr.,
Chairman, Committee on the Judiciary, U.S. Senate,
Washington, D.C.

DEAR SENATOR ERVIN: The delay in answering your letter of July 1, 1966 regarding Title I of S. 3296 was caused by the fact that I have been involved in trials during the past several weeks, and until last weekend was not able to devote the necessary time to studying the proposal.

At the outset I should state that the present system of selecting jurors in our District seems to be a satisfactory one to all segments of our population. However, I realize that some changes are indicated because of circumstances in other areas of the country, and I am sure that we can satisfactorily adjust our practice in line with the over-all requirements in the Federal system.

I agree wholeheartedly with the comments in your opening statement concerning the requirement that a prospective juror fill out a form stating his ". . . race, religion . . ." should be entirely eliminated from the Act. Several years ago the questionnaire which we used did contain space for the prospective juror to state his or her race and religion, but that was eliminated because of the objections made, and for the most part they were made by members of the so-called "minority" groups.

We also think it objectionable that no provision is made in section 1865 for the payment of fees or mileage to the jurors summoned to appear before the Commission to fill out out a juror qualification form. Because it will take some time from a prospective juror's job and also some travel expense for him to appear before the Commission for this purpose, it seems only fair that he should receive some compensation therefor.

Section 1866 of Title 28 apparently will be completely eliminated in the proposed new Bill. This seems inadvisable to me. If open venires are not authorized, it will mean that we will have to summon a larger panel in order that there will be sufficient jurors available at any particular time. Although the open venire is not used often, it seems to me that it does provide a safeguard for getting a jury within a reasonable time.

The provisions of section 1869 relating to the record which must be kept by the Jury Commission on juror's qualification form are unclear. If I read this correctly, it would require an entry on the juror's qualification form every time that he is called to the jury box and excused as a result of a pre-emptory challenge; this would mean that a copy of that particular juror's form would have to be before the courtroom deputy clerk each time he is summoned to a courtroom for possible jury duty. Under our present sys-

tem we use a jury pool which serves three courts at the same time; burdensome record keeping regarding exclusions would slow down the judicial process and also, because of human error, it might invite additional attacks on jury verdicts.

The provisions of proposed section 1867 appear to me to be unnecessary, cumbersome and probably another invitation to slow down the judicial process. I would anticipate that many lawyers would move to dismiss the indictment, under this section, merely for the purpose of delay or for the purpose of creating another roadblock in the orderly administration of justice. At the present time I can think of no real good purpose that this challenging procedure would serve. In criminal cases, if after a verdict it is found that there was a failure to comply with the statute, that could be handled by a post conviction proceedings.

In line with your suggestion, I am enclosing two copies of the selection method in operation in our District and the juror qualification form used by our Court.

With best regards, I am,

Sincerely yours,

ALFRED A. ARRAJ.

U.S. DISTRICT COURT,
EASTERN DISTRICT OF TEXAS,
August 2, 1966.

Hon. SAM J. ERVIN, Jr.,
Chairman, Subcommittee on Constitutional Rights, Committee on the Judiciary, U.S. Senate, Washington, D.C.

DEAR SENATOR ERVIN: Reference is made to your letter of July 1 relative to S. 3296 which would make significant changes in the jury selection methods of Federal and state courts. Because of an illness I have recently suffered, I have been delayed in replying to your letter. My comments will be limited to that portion of the bill which pertains to the method of selecting juries in the Federal courts.

The Eastern District of Texas comprises 41 counties and is divided into six divisions. We have no large metropolitan areas in the district and some of the counties are located more than 100 miles from the place where court is held for the division they are located in. I give you this information because some of my subsequent remarks will be directed to a district of this type rather than to a district involving a large metropolitan area such as the Southern District of New York, the Northern District of Illinois, the Southern District of California and other like districts.

Our district has two judges. The docket of the district is divided on a division basis. Judge Fisher who resides in Beaumont, the other judge in the district, has the Beaumont and Marshall Divisions while I, who reside in Tyler, have the Tyler, Sherman, Paris and Texarkana Divisions. Because of the large geographical area involved, we maintain a jury box for each of the divisions, which contains the names of only persons residing within the territorial limits of the particular division. We have two jury commissioners, one of whom works with the clerk with reference to the Beaumont and Marshall Divisions and the other works with the clerk with reference to the Tyler, Sherman, Paris and Texarkana Divisions. The clerk and jury commissioners are instructed that in filling the jury boxes that there will be no discrimination as to race, color, religion, sex, national origin or economic status and that the persons whose names are placed in the jury box will reflect a fair cross-section of the community, i.e., the division in question. In selecting the names of the persons who will be placed in the jury boxes in accordance with such instructions, the clerk and jury commissioner obtain the names of individuals in each of the counties of a division and send to those persons a questionnaire (AO Form 178), copy of which is enclosed. When the questionnaires, as filled out, are returned to the clerk, the clerk and the jury commissioner review the forms and then place in the jury box the names of the persons who, from the information appearing on the form, appear to be qualified for jury service and will represent a fair cross-section, including race, of the division. In obtaining the names of persons to whom the questionnaires are sent, the jury commissioner and the clerk use many sources such as postmasters, public officials of the counties, citizens of the community in various walks of life, both of the white and Negro race, poll tax lists, etc. Prior to the suggestion of the Judicial Conference in 1960 that questions as to race were not proper, the questionnaire used made inquiry as to race.

In my 15 years on the bench, I have found that through the use of this system our jury panels reflect a fair cross-section, including race, of the division involved.

I am in complete accord with the principle that in the selection of juries, both grand and petit, in the Federal courts there should be no discrimination on account of race, color, religion, sex, national origin or economic status and believe that we should have legislation that would insure against such discrimination. However, by virtue of the decisions of the Supreme Court in such cases as *Glasser* v. *United States* (1943) 315 U.S. 60, *Smith* v. *Texas* (1940) 311 U.S. 128, and *Swain* v. *Alabama* (1964) 380 U.S. 202, it appears to be now settled constitutional doctrine that the persons whose names are in the jury box from which jury lists are drawn must reflect a fair cross-section of the community which, of course, would include a fair representation of the races residing in the particular community. Enclosed is a copy of the slip opinions handed down by the Court of Appeals for the Fifth Circuit, sitting en banc, on July 29, 1966, in the case of *Brooks* v. *Beto*. The majority opinion, written by Judge Brown, presents an excellent discussion of the constitutional requirements that juries reflect a fair cross-section of the community. As indicated by Judge Brown, to fairly represent the community, there must not only be an awareness on the part of the jury commissioner and the clerk of the make-up of that community but there must be an actual determination by the jury commissioner and the clerk that the persons whose names are placed in the jury box, from which jury panels are drawn, reflect a cross-section of the community. The voter registration list or poll tax list, which I have seen in the past, do not furnish sufficient information about the persons appearing on said lists to permit a determination that the persons selected at random from voter registration lists or poll tax lists would reflect a "cross-section of the community." Therefore, in my opinion, it is doubtful that a "cross-section of the community can be obtained by following the procedures for selecting the names placed in the jury wheels provided for by S. 3296.

I would assume that the principal purpose of Titles I and II of S. 3296 is to insure that in the selection of jury panels from which jurors are to be selected in both Federal and state courts there be no discrimination on account of race or color. While it is a matter of common knowledge that there has been such discrimination in some of the courts of some of the states, if there has been any such discrimination to any substantial degree in the Federal courts, I am unaware of it. Although it is my opinion that our system of selecting juries in the Federal courts is working well and without discrimination on account of race or color, I am aware that as a general rule there is always room for improvement in any given area.

Without wanting to appear to be presumptuous I would suggest that in lieu of the time consuming, costly and somewhat burdensome method provided in the subject bill for the selection of the names of those first placed in a master jury wheel and subsequently placed in a qualified jury wheel that the bill be amended so as to provide in effect: (1) for the maintenance of a jury box either on a district basis or a division basis as the court might determine; (2) that the jury commission from time to time place in said jury box the names of persons qualified for jury service (in such number as Congress shall deem proper), from which jury box the jury panels, as ordered by the court, shall be drawn by the commission; (3) that the persons whose names are placed in the jury box shall as a whole reflect a cross-section of the district or division, as the case might be; (4) that the jury commission in selecting persons whose names are placed in the jury box shall not discriminate on account of race, color, religion, sex, national origin or economic status; (5) that the jury commission shall select the names of those placed in the jury box from information contained on a juror qualification form approved by the Judicial Conference of the United States; (6) that the jury commission be authorized to send such juror qualification forms to persons residing in the district or the division, as the case might be; and (7) that persons failing to answer such questionnaire shall be subject to punishment to such extent as Congress shall provide. If the bill should be amended substantially in the manner suggested, I submit that it would be wise to retain in the bill provisions regulating the time and manner of challenging the compliance with the selection procedures similar to those contained in the proposed Section 1867.

In the event Title I of S. 3296 is considered acceptable in principle, I would suggest, from a practical working standpoint, several changes or modifications.

As to the proposed Section 1865, I would suggest that there be added to that section as an alternative to the prospective juror appearing in person before the clerk that the clerk or jury commission be authorized to send to such prospective juror an approved juror qualification questionnaire form seeking the same information from the prospective juror that the clerk would obtain from him upon his appearance before the clerk in person. In districts covering large geographical areas, to require the prospective juror to appear before the clerk in person would be not only expensive to the taxpayers but would cause an unnecessary hardship or inconvenience to the prospective juror.

If the jury commission is to get the names of prospective jurors from voter registration lists, as the bill provides, it is going to be necessary for the jury commissioner and the clerk to travel to each county seat where the voter registration list for the county will be maintained in order to select the names of persons from such lists. Although the bill in its present form provides for paying the commissioner on the basis of $16.00 per day, it does not provide for the payment of subsistence and travel expense for the commissioner. In my opinion, adequate provision for travel expense and subsistence should be made for the commissioner who, in many districts including mine, will have to do extensive traveling.

In my opinion the bill in its present form is too restrictive as to those who can be excused from jury service. I believe we all recognize that there are many valid reasons why a person should not be required to render jury service at a particular time. I believe it is in the public interest that the district judges be given broad discretionary powers to excuse a person from jury service upon a showing of good cause. Furthermore, there are certain classes or groups of persons who, in the public interest, should be excluded from the jury panel or excused from service as jurors. Included in such classes or groups, in my opinion, are practicing

physicians, dentists, nurses, attorneys engaged in the active practice of law, and school teachers during the school year, particularly if a substitute teacher is not available.

Therefore, I would suggest that the bill be amended so as to include in substance the provisions of Section 1863 of Title 28, U.S.C.A., as they now exist with the provisions of Subsection (c) of said section being enlarged so as to provide, in effect, "No citizen shall be excluded from service as grand or petit juror in any court of the United States on account of race, color, religion, sex, national origin or economic status."

The provisions contained in proposed Section 1864 to the effect that there shall be placed in the master wheel one per cent (1%) of the total number of persons listed on the voters registration list for the district or division, and in no event the names of fewer than 2,000 persons will be unnecessarily burdensome in the case of a small division in a district where the master wheel is maintained on a division basis. For example, because the docket is small, we hold court in the Paris Division of my district once a year and thereby use annually in that division a jury panel comprised of approximately 35 persons. Thus, in the two year life of a master jury wheel containing the names of at least 2,000 persons, only 70 of such persons would be called for jury duty.

I wish to apologize for the length of this letter, but I cannot help but be concerned over legislation that proposes such drastic changes in the federal jury system.

Sincerely yours,

JOE W. SHEEHY.

U.S. DISTRICT COURT,
DISTRICT OF KANSAS,
Kansas City, July 12, 1966.

Hon. SAM J. ERVIN, Jr.
Chairman, Subcommittee on Constitutional Rights, Committee on the Judiciary, U.S. Senate, Washington, D.C.

DEAR SENATOR ERVIN: Your letter of July 1 came to my chambers while I was attending the Judicial Conference of the Tenth Circuit followed by a sentencing institute held at Denver. Hence the delayed response.

In the District of Kansas we follow generally the methods of jury selection recommended by the Committee on the Operation of the Jury System approved by the Judicial Conference of the United States in September, 1960. The names of approximately one-half of the veniremen are submitted by key men, carefully selected so as to represent a cross section of our citizenry. Some are labor union officials, some are businessmen, and all are persons of standing in their communities. At least half of the veniremen are chosen by use of templates applied to voter registration lists in use in the counties or cities of the district.

Our clerk mails to each person so selected a questionnaire in the form enclosed, and the clerk and commissioner then eliminate those who cannot be found by the Post Office Department. The returned questionnaires are examined by the clerk or by the commissioner and clerk, who reject those whose answers disclose statutory disqualification. The remaining names are placed in the jury boxes in accordance with the provisions of 28 U.S.C.A. § 1864. When a panel is required for a jury session, the clerk and commissioner alternately draw the required number of names from the box. There is absolutely no discrimination among jurors for any reason.

Lacking personal knowledge of the conditions which have prompted the introduction of S. 2396, I cannot criticize the motives of its authors. It may be that legislation of some sort is necessary to correct improper practices in some parts of the federal judicial system, but I feel that it should be possible to achieve the desired result without the drastic changes proposed. While practices required by Title I of the bill might work well in a densely populated area, the enactment of Title I in its present form would create many problems in this and similar districts.

The District of Kansas is territorially large, with no established divisions. Most of the jury work is in the three principal cities—Wichita, Kansas City and Topeka. Court sessions are held twice yearly in Fort Scott; once yearly in Dodge City and in Salina, in both of which we use state court facilities; and occasionally in Leavenworth. Leavenworth is near Kansas City and would lie within the same "division" as Kansas City.

Dodge City and Salina are widely separated from each other and from other court cities. In no instance that I can recall have we summoned more than 50 jurors to serve at either of the cities. Section 1864(b) would require the placing in each "division" jury wheel the names of at least 2,000 persons, of whom only 100 are likely to be called within the 2-year period before the wheel is emptied and refilled.

I submit these general observations:

1. It is likely that citizens who now regard jury service as a duty akin to service in the armed forces in time of war would resent the compulsory features of § 1865(a).

2. Defendants in criminal cases, already inclined to employ dilatory tactics, are apt to abuse the rights granted by § 1867 by filing groundless motions. Parties in civil cases, seeking delay, will in some cases act similarly.

3. The clerk's office, already overburdened in our district, will either require additional deputies, or will be compelled to neglect other important duties.

4. The withdrawal of the right to exclude classes or groups, and the requirement that unusually severe hardship be shown for excuse will deprive the public of the services of physicians, nurses, pharmacists and teachers already in short supply.

5. If jury service is a right, as well as a duty, it appears that the purpose of Title I could be achieved by enforcement of 18 U.S.C.A. §§ 241, 242 and 243.

I have had insufficient time to study the bill thoroughly, and my observations are therefore of less value and less clearly stated than I would wish. It is regrettable that the bill cannot be referred to the Judicial Conference of the United States so that its provisions could receive the deliberate consideration they deserve.

You have my permission to make all or any portion of this letter a part of the record of the hearings on the bill.

Sincerely yours,

ARTHUR J. STANLEY, Jr.

Mr. JAVITS. Mr. President, I rise to respond to the Senator from North Carolina [Mr. ERVIN] and to express my support for the position taken by the majority leader, not only for the wisdom of the position, but also for its justice.

Mr. President, I believe we have a right, after the history of all these years, to assume that if this bill were forwarded to the Committee on the Judiciary, it would promptly be interred, for all practical purposes.

I am a member of the Committee on the Judiciary, and I have suffered in this Chamber for many years with this situation. Unless we headed off civil rights bills at the desk on occasion, we would not have had civil rights legislation.

I join with the majority leader in saying that this is not criticism of those on the Committee on the Judiciary, who have been successful in seeing that civil rights bills were interred there. This is their conviction and they have every right to avail themselves of every rule and privilege to effectuate their design. But that does not stop the rest of us from using the rules to protect civil rights bills, which is what the majority leader has done.

Mr. President, we do not live in a vacuum, and the cry for justice in respect to racial relations is so great in our country, after a century of repression, that it must be answered.

We have every right to condemn riots in the streets, and we have every right to have force of law in dealing with those riots, and preventing and suppressing them. At the same time, however, we must acknowledge and eliminate what we know to be the deep underlying frustrations and dispairs, and the sense of injustice felt by many Americans, undeserved on the record, which have brought them about.

Mr. President, we have to protect ourselves in this legislation, as we have done before by heading it off at the desk.

As to the merits, it is a fact that the country has been appalled by the administration of justice which would allow a jury selection which does not give the broad cross section of population in a particular community representation upon a jury. The country has been compelled to record what many of us have felt to be miscarriages of justice under that aegis.

Mr. President, as much as I stand for authority and justice, I do not think we should have a silly session on the subject, and broad statements made about disposing of life and property. Many a judge has taken a case from the jury and set aside a jury verdict and many an appellate court has reversed a jury verdict. But more important than that is the intimation that any group of Americans because they happen to be Negroes are less fair, less just, and less conscientious about the protection of life, liberty, and the pursuit of happiness than any other group. That is undeserved, and I hope very much that that is not considered to be a valid argument by the great majority of Americans. Be that as it may, this is not yet the time to discuss the merits of the bill.

Right now, we are talking about procedure. The argument that the Judiciary Committee is not the graveyard of civil rights legislation is contradicted by the facts and the record, but the majority leader's proposal and plan even allow for a miracle. I think it is quite right that we should call it a miracle. It will be a miracle of resurrection. It may well be that the Judiciary Committee may, as a miracle, send a civil rights bill to the Senate. If so, the majority leader has now stated that that bill will be substituted for the House bill which is before us. I think that is fair.

A very complete report has been made under the chairmanship of the Senator from North Carolina [Mr. ERVIN], one of our very distinguished members of the Subcommittee on Constitutional Rights, a very complete record on the civil rights provisions in the bill which was introduced in the Senate and which a number of us have joined as cosponsors. That record is available on the pro-

visions of the House bill. Indeed, it is germane and relevant to the basic thrust of those provisions.

Mr. President, I wish to make an offer myself. I am a member of the Judiciary Committee and I would state to the distinguished Senator from North Carolina that any time he has an executive session or can bring one about, for the purpose of considering a Senate bill, I will, as soon as I can get recognition, move to substitute the House bill in that case. The House bill, if my motion should carry—and the Senator from North Carolina could be very helpful in bringing that about—would be before the Senate, and we would be fully able to operate on it with respect to amendments, additional information, even additional hearings, or anything else we choose.

The rights of the minority, the opponents of the bill—and I think it is a minority—are not cut off by a procedure specified by the majority leader, because all they have to do is allow the bill to be called up as the pending business, and then a motion may be made by any Member to refer it with or without instructions to any committee.

I have little doubt that if the minority which is opposed to this measure would agree to allow it to come up as the pending business, it might even be arranged before September 6, as I believe the majority leader assumes that no such concession will be forthcoming.

Thus, Mr. President, there is ample procedure for the committee to consider even this bill. There is ample procedure to move to refer to a committee. There is ample record, too. The only thing that we are cutting off is the right to inter that bill.

I am delighted to say this to my good friend and colleague, the Senator from Michigan [Mr. HART], who will be the Senator in charge of the bill, that the majority leader has done this and not left it to me or to some other individual Member. We can do it as effectively, of course, but it would not have nearly the impact upon the future of this legislation and the commitment of the administration that it now has by the deliberate, decisive action taken by the majority leader. Civil rights has always been bipartisan in nature and is at the present time, and as I have no doubt it will develop even further.

I only hope that my side will do its full share in imposing cloture on debate, or whatever else may be required, in order to expedite the matter in its consideration—consideration which should be thorough—I thoroughly agree with that—but should not go beyond the limits of thoroughness in order to endeavor to kill it by continuus debate.

Further, I hope very much that we on the Republican side will measure up to our responsibilities, just as I feel today that the majority has measured up—through the majority leader—to its responsibilities.

Mr. ERVIN. Mr. President, let me make a few observations in reply to the distinguished Senator from New York.

As the Senator from New York has stated, a motion can be made next week to refer the House-passed bill to the committee. But he inadvertently pointed out the handicap under which those of us who wish referral would labor. He suggested this handicap when he spoke of what a great help it was to have the majority leader on the side of those who oppose committee referral. Of course, what is a great help to his side of the controversy is a great handicap to those of us who do not share his views.

I protest action by the Senate leadership which is necessarily based on the position that the committee is not fit to be entrusted with consideration of legislation which falls within its jurisdiction under the act which reorganized Congress.

Mr. JAVITS. I want to respond to my good friend from North Carolina.

There is a song in Gilbert and Sullivan's "Pirates of Penzance," when the policemen are about to go after the pirates, and it goes something like this:

The men begin to sing: "We go. We go."

Then the major general comes in to sing: "But you don't go. You don't go."

That is the situation with the Judiciary Committee.

Surely, the committee is fit. It says, "We go. We go," but when it comes to civil rights legislation, the fact is, as the majority leader has stated, it has been months now that the Senate bill has been before the Judiciary Committee. The hearings have been thorough—very, very thorough—but that does not give any promise that the Judiciary Committee has shown a new path, other than the one it has trod so often before. "We don't go, we don't go." In the past, we have had to employ the tactic of catching bills from the House. Otherwise, civil rights bills would have been suffocated by the hearings and the hearings and the hearings, and the expiration of sessions, and they never would have received any action.

Mr. ERVIN. The Senator from New York is aware that the last hearing we conducted was for the purpose of taking the testimony of an official organization from New York at the request of the Senator from New York.

Mr. JAVITS. I thank the Senator. The Senator knows that I was ready to go into executive session and to have the bill marked up even if the organization from New York was not heard; but we were going on and on and on with hearings anyhow, so they might as well have been heard too.

Mr. ERVIN. I think I could safely say that the Senator from New York has been ready to mark up the bill for some time.

Mr. JAVITS. No; I would not say that. The Senator from North Carolina conducted very thorough hearings. The Senator knows that I do not find fault with him. He knows my views. I am sure that there is need of a vast amount of enlightment on the House bill, which required many days of hearings. The Senator knows that I am not challenging his good faith. I merely say that if the majority is going to get done what needs to get done, it should follow the rules. Just as the opponents of the bill have a right to invoke the rules, we have a right to invoke them, and that is what we are doing.

Mr. HART. Mr. President, in view of the exchange that has occurred between the able Senator from North Carolina and the able Senator from New York with regard to the action taken by our respected majority leader, little remains to be said.

I am very happy that it was the senior Senator from New York [Mr. JAVITS] who, rather than a Senator from this side of the aisle, commended the decisiveness and soundness of the action taken by the majority leader this morning. It was gracious of the Senator from New York. He was completely accurate in his portrayal and analysis of the action.

Many of us were present when the majority leader explained the course that he suggested would be followed. I urge every Senator to read his statement. While courageous and explicit, it nonetheless made clear his willingness and his hope that the Committee on the Judiciary will act promptly, and gave assurance that no leadership action would forestall the opportunity available to the committee.

We ought to read, also, the strong, critical reaction of the able chairman of the committee, the Senator from Mississippi [Mr. EASTLAND]. I think it was he—perhaps it was the Senator from North Carolina [Mr. ERVIN]—who gave us a head count of the composition of the Committee on the Judiciary. The point was made that 10 members of the committee are cosponsors of the bill; therefore, what problem is there in the Committee on the Judiciary; why not send the bill to the Judiciary Committee?

In all kindness, I say the problem is the chairman; the reason we ought not send the bill to the committee is the chairman. If this is a guilty plea on my part of being an ineffective member of the Judiciary Committee, people can read into it anything they want, but the other nine members of the Judiciary Committee who cosponsored it are able, effective members, anxious to support a strong civil rights bill.

The hard truth is that the able chairman of the committee [Mr. EASTLAND] is an extraordinarily gifted obstructionist. There is no unkindness in that statement, because he simply reflects his conviction that civil rights may be all right for the history books, but it has no place in the law. It is a fact of life here. Why blink at it?

I would share the hope voiced by the majority leader and the senior Senator from New York that we will have the age of miracles and that the Judiciary Committee will act promptly. I was intrigued with the procedural course of action suggested for the Judiciary Subcommittee, which for months has had the administration's civil rights bill, to follow. I am not a member of that subcommittee, but the Senator from New York is, and it was he who made the suggestion; namely, to substitute the House-passed bill for the administration bill, and then all the formalities will have been observed.

This course may or may not be followed, but, in any event, I support completely the action suggested by our majority leader. I congratulate him on his action.

As the Senator from New York said, this is not the occasion on which to debate the merits. I know that if we were to judge the attitude of Americans by our mail count, we might conclude that the country does not want a commitment on the part of Congress that the American dream of owning one's home wherever one's energy and industry give him the resources, the money to pay for it, is a dream that can be dreamed by all Americans, and not just white, Arian Americans. I believe, mail count to the contrary, most Americans do want that dream available to all Americans. I hope the Congress will make clear before this session closes that that is a dream that can be shared by all Americans, and that it can become a reality. We will be a stronger nation and a better society when Congress takes this stand.

REAPPORTIONMENT OF THE LEGISLATURE OF THE VIRGIN ISLANDS—CONFERENCE REPORT

Mr. JACKSON. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 13277) to amend the Revised Organic Act of the Virgin Islands to provide for the reapportionment of the Legislature of the Virgin Islands. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 13277) to amend the Revised Organic Act of the Virgin Islands to provide for the reapportionment of the Legislature of the Virgin Islands, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered (1) and (2); and agree to the same.

HENRY M. JACKSON,
QUENTIN N. BURDICK,
Managers on the Part of the Senate.
WAYNE N. ASPINALL,
LEO W. O'BRIEN,
WALTER ROGERS,
ROGERS C. B. MORTON,
Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. JACKSON. Mr. President, the purpose of H.R. 13277 is to provide for the enlargement and reapportionment of the Legislature of the Virgin Islands. At present there are 11 members of the unicameral legislature. Two members are elected from St. Thomas, two from St. Croix, one from St. John, and six at large. It is proposed to change this formula by increasing the total number of Virgin Islands legislators to 15, and permit reapportionment in keeping with the recent Supreme Court decision enunciating the one-man, one-vote principle. Under the new formula the island of St. Thomas will elect five senators, St. Croix five, St. John one, and four at large.

As passed by the House, H.R. 13277 provided that the bill would become effective January 1, 1967. However, the intent was that at the general election in November 1966, the candidates for the 15-seat legislature would be elected to take office in January 1967. When the bill was considered by the Senate Interior Committee, the Department of the Interior recommended two amendments. The first was to delete the date "January 1, 1967" as the effective date of the act, and the other, to insert a new section 2 to read, as follows:

SEC. 2. This Act shall be effective with respect to the legislature to be elected at the regular general election in November 1966, and thereafter.

Both of these amendments were adopted by the Senate, and the record does not show any opposition to them. Subsequent to Senate passage of H.R. 13277, members of the minority party in the Virgin Islands suggested the date for reapportionment should be moved to 1968 since insufficient time remained to prepare for the primary to be held in September.

The House conferees have receded from their position and agreed to the version of the legislation as passed by the Senate. It is believed that reapportionment should take place immediately. Moreover, the Governor of the Virign Islands has assured us that the local legislature will be called immediately to act on appropriate legislation to change the primary date to October 4 in order that necessary time will be available to candidates to file and campaign.

Mr. President, I ask unanimous consent that two letters bearing on this subject from the Governor of the Virgin Islands and the Assistant Secretary of the Interior, dated August 8, be printed in the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE VIRGIN ISLANDS OF THE UNITED STATES,
Charlotte Amalie, St. Thomas, August 9, 1966.

Hon. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In response to your request and inquiry from Assistant Secretary Anderson, Public Land Management, Department of the Interior, regarding the enactment of H.R. 13277 to become effective for the November 1966 election. I have given Secretary Anderson my assurance and now do likewise assure you that I will give official notice convening the Virgin Islands Legislature into special session on Saturday August 13, 1966 to consider the matter of extending or changing the dates for filing and for the primary.

I will recommend to the Legislature at this special session that the filing date be changed to September 6, 1966 and the primary date to October 4, 1966.

Yesterday and again today I conferred by phone with the majority members of the Virgin Islands Legislature and its President and have received their assurances that they will support and enact into law such changes at the special session. Within hours after its enactment and on the same day of its passage it will receive my approval.

It is my firm belief that the 5–5–1–4 formula established in H.R. 13277 is a good one and acceptable to all political groups and this formula should become effective at the earliest possible moment this year.

Unless this needed reform in the method of selecting Legislators is done now the people of the Virgin Islands will continue to be deprived and denied the benefits of a legislature fully responsive to and reflective of the people's will.

All Virgin Islands political parties concerned in running candidates in this year's election were contemplating the effective date of H.R. 13277 with its 5–5–1–4 formula to be 1966 and had ample time to plan accordingly.

It is my belief that the present existing dates of August 15, 1966 and September 13, 1966 could easily be met without any serious problem, however, since the question of not sufficient time was raised, and to avoid any further dispute, I have agreed to the calling of a special session to change these dates and give to all parties concerned the additional time to plan their election campaign strategy by extending the date for filing to September 6, 1966 and the primary to October 4, 1966.

I again recommend the immediate adoption by the Conferees of the clarified Senate version of this House measure.

Sincerely,
RALPH M. PAIEWONSKY,
Governor.

(Copy: Hon. WAYNE N. ASPINALL.)

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., August 9, 1966.

Hon. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We are glad to respond to your request that we confirm that the position of this Department, expressed in our testimony of June 21, 1966, before your Territorial Subcommittee, at the hearings on H.R. 13277, is unchanged. In such earlier testimony we urged that the Virgin Islands Legislature be expanded to 15 members, and a more representative method be provided for voting for members at large. We urged further that such changes be made effective for the 1966 election, since we were most concerned that the potential mal-apportionment of the Legislature, which can occur under existing law, be avoided at once. While such mal-apportionment would be regrettable at any time, we believe it would be especially unwholesome should it be found in that newly elected legislature which will be granted the right to reapportion itself under H.R. 13277 once enacted.

Some misgivings have been expressed that the passage of time has now resulted in there not being sufficient remaining time for the Virgin Islanders to carry out their party primary and general election campaigns in an orderly fashion between now and November 8, 1966, the date of the general election. For the reasons given below, we believe such misgivings are not well founded.

While it is true that under present local law, filing for the legislature must take place by August 15, 1966, neither existing Federal law nor the changes proposed by H.R. 13277 make any change in the existing districts. Thus a candidate for a position in the legislature may file by August 15, 1966, for either an at-large seat or for a district seat whether or not H.R. 13277 is in effect then or will be later, without any change in local law being necessary.

We cannot deny, however, that practical political considerations applying to all factions and parties would make it very useful, if not vital, for the prospective candidates to know before they file whether they will be competing for an 11 or a 15-man legislature, or whether they will be filing for a district with two or with five seats to be filled. We believe, however, based upon the record of this legislation in the House, and again in the Senate, that the major political factions have been basing their assumptions upon, and tentatively forming their slates upon, a belief that H.R. 13277 would be effective for the 1966 elections. Thus a desire to avoid any last minute disruption in the plans of responsible potential candidates would itself call for a 1966, not a 1968, effective date for this measure.

To place the matter beyond any dispute, however, Governor Paiewonsky has authorized us to state to you that he will today give official notice that a special session of the Legislature will be held on August 13, 1966 to consider this matter. He will recommend to such Legislature that the filing date be changed to September 6, 1966, and the primary date to October 4, 1966. He has the informal, but realistic, assurances from the majority members that they will support such changes. If the minority members, who have been said to be concerned about shortness of campaigning time, will support it also, the changes will be made unanimously. Incidentally, the October 4 primary date will coincide with Hawaii's, a much larger and more far-flung jurisdiction.

Sincerely yours,

HARRY R. ANDERSON,
Assistant Secretary of the Interior.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. ALLOTT. Mr. President, regarding the conference report, I have no objection to the decision which the Senate has made, but merely wish to make clear that I, as one of the conferees on the bill, did not sign the conference report. I did not sign it, and there is nothing in the world that would ever induce me to do so because I think it sets up the continuation of a political system in the Virgin Islands which is reprehensible and deplorable. For those reasons, I would not sign it and I will not sign it.

STIMULATION OF THE FLOW OF MORTGAGE CREDIT FOR FHA- AND VA-ASSISTED RESIDENTIAL CONSTRUCTION

The Senate resumed the consideration of the bill (S. 3688) to stimulate the flow of mortgage credit for FHA- and VA-assisted residential construction.

Mr. TOWER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his parliamentary inquiry.

Mr. TOWER. Is the rule of germaneness in effect?

The PRESIDING OFFICER. The rule of germaneness is no longer in effect.

Mr. SPARKMAN and Mr. WILLIAMS of Delaware rose.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SPARKMAN. Mr. President, I wonder if the Senator from Delaware will permit me to make a correction?

Mr. WILLIAMS of Delaware. I yield.

Mr. SPARKMAN. Mr. President, earlier in the day I accepted an amendment offered by the Senator from Delaware [Mr. WILLIAMS]. We both understood it meant one thing, but from an interpretation of the amendment, we have decided that it was more sweeping than intended. With the assistance of the drafting service I have an amendment which I should like to offer. I have discussed it with the Senator from Delaware, who is in agreement that this correction should be made.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. WILLIAMS of Delaware. Mr. President, I have discussed this correction with the Senator from Alabama. The legislative counsel called it to our attention. It is a technical correction and carries out exactly the intent of the amendment as I offered it and as I explained it and as it was accepted by the Senator from Alabama. Notwithstanding the fact that there was a motion to reconsider the amendment and it was tabled, I have no objection to its acceptance. The leglislative counsel thinks it clarifies the provision and carries out the intention of the amendment as offered—namely, that none of the $1 billion which is authorized under this bill to be borrowed from the Federal Treasury and used for the purchase of mortgages could be pledged as collateral by FNMA toward repayment of any participation certificates that might be sold hereafter.

This is new language which spells out the purpose more clearly. I have no objection whatsoever to the amendment.

Mr. SPARKMAN. I appreciate the statement of the Senator from Delaware.

Mr. President, I ask unanimous consent that I may offer this corrective amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendment of the Senator from Alabama will be stated.

The assistant legislative clerk read the amendment, as follows:

At the end of the bill to insert a new section, in lieu of the amendment previously adopted, as follows:

"SEC. 3. None of the mortgages purchased by the Federal National Mortgage Association in carrying out the provisions of section 305 (g) of the National Housing Act, as amended by this Act, with the proceeds of any money borrowed from the Federal Treasury, shall be pledged as collateral for repayment of any participation certificates sold by such association."

Mr. WILLIAMS of Delaware. Mr. President, this amendment makes it clearly prospective and uses the full name of the Federal National Mortgage Association, rather than just abbreviations.

Mr. President, has the previous amendment been accepted?

The PRESIDING OFFICER. The amendment has been agreed to.

Is this amendment to be in lieu of the previous amendment?

Mr. SPARKMAN. Yes; it is to be in lieu of the previous amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama. Without objection, the amendment is agreed to.

Mr. WILLIAMS of Delaware. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. SPARKMAN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. WILLIAMS of Delaware. Mr. President, I had one other point, which was brought out in the discussion I had with the Senator from Alabama yesterday. My next amendment will correct another glaring abuse which I pointed out last night.

The point I discussed then was the inequity of the situation to the homebuyer which has resulted from the point system or discounting mortgages.

The Federal Housing Administration has placed a ceiling on interest of 5.75 percent. A 30-year mortgage cannot be placed at par at a 5.75-percent interest rate. So the mortgages are sold at a discount.

It works this way: We will assume that an individual gets $9,200 or $9,500 in return for a $10,000 mortgage. The homebuilder knows in advance he cannot get par for that mortgage. The builder insists that there be a higher appraisal of $10,000 for that home. The homebuyer signs the mortgage for $10,000 for a 30-year period, at 5.75-percent interest.

The homebuilder, or whoever takes that mortgage, then can discount it 8 points at the bank, and he receives the $9,200 for it. The bank which buys that mortgage has a $10,000 mortgage for which it has paid $9,200. It is a 30-year mortgage. The holder collects 5¾ percent interest over this 30-year period, and then he can amortize the 8 points discount at which he bought the mortgage over this 30-year period, which would bring his yield up to slightly better than 6 percent.

It boils down to the fact that the homebuyer in reality is paying 6 percent for his mortgage—5¾ percent in interest, and the rest of it by giving a mortgage for $800 more than he actually borrowed.

But the disadvantages that I have already mentioned go beyond that. Suppose, for example, that this homebuyer defaults at the end of 4 years. You have this result: The mortgage lender collects the full amount from the FHA and only has to amortize that 8 points over 4 years. That means he increases his interest 2 points a year. Thus when the mortgage is in default at the end of 4 years, his average interest, instead of being 6 percent, rises to 7¾ or 8 percent; and if the homebuyer defaults at the end of 2 years, his interest under the point system only has to be amortized over 2 years, and he builds up his yield to 10 percent.

If he is "lucky" enough to sell it to a very bad credit risk who will default in 1 year, he receives 13.75 percent interest on the money he has lent for that 1 year.

In other words, our Government under the present system is paying a premium for the bad credit risk. The real money is made on the bad credit risk. On a good credit risk, a homeowner who meets his payments on a monthly basis and

lives up to all of his obligations, the man financing him makes only 6 percent.

As a result of that, those who are taking these Government-guaranteed mortgages in many instances—I do not say in all—deliberately try not to collect the money and hope that the buyers will default so that they can cash in on the additional proceeds.

I cite one example in the State of the Senator from Texas. The individual involved happens to be the wife of a sergeant now serving in Vietnam. I have the file here.

This particular couple bought their home, and they had paid altogether over a period of 4 years $3,400. The FHA admits that is the total of the payments on their mortgage. They defaulted 5 months. The lady has furnished photostatic copies of money orders that were purchased showing that she had sent in payments for 2 of those months, so in reality she was only in default 3 months if the lender had accepted those payments, but they were returned. I can only assume the lender returned them because he would thus be able to cash in and take advantage of the higher interest under the point system. That home today under the ruling of the FHA is being sold under foreclosure proceedings.

The FHA has agreed to let the lady live there with her children, but she must pay rent at $50 a month and is now told that when her husband returns from Vietnam they will enter into negotiations and perhaps resell to her the home on which she has already paid $3,400. She and her husband have offered, by certified checks, to make up all back payments and make the loan current, but they will not permit her to make the loan current. Why? What kind of a program are they operating?

I think that is a shocking situation. We should be trying to protect the homebuyers and not just take care of the bankers and the homebuilders. I respect both of them in their places. They are entitled to their profits, but this was intended to be a homeowners' program. It is ridiculous under any Government auspices to allow the lender to make more money on a man who goes broke. It only induces the lender to try to find a bad-credit risk because he can thus make more profit than on a good one.

For that reason, I offer an amendment as follows:

None of the funds provided for in this Act can be used to purchase any mortgage at a price in excess of the actual amount paid for such mortgage when originally purchased.

I want the legislative record to show clearly that that word "originally" is put in there deliberately to carry this back to the time the home was first financed and the payment that was made for the mortgage less all points deducted.

If this amendment is adopted and a mortgage had been discounted 8 points to 92 percent it means all we would be guaranteeing is 92 percent of the mortgage. That is all the agency could pay for it now. We would not be using the Government's guarantee to pay a profit for something that has never been paid by the lending institution. We would guarantee them only up to the point that they paid.

If the amendment is agreed to, I realize immediately they would not be able to obtain these mortgages at $9,200. What would happen? Then the FHA could do what it should have done long ago; and that is, put the interest rates at a level, whether it be 6, 6¼, 5½ percent, or whatever it may be, but put them at a level that will hold these mortgages at par. Once we do that there will be no premium on failures, and the money would be made on the good-credit risks, not the bad-credit risks. I think that is the way we want it, where the lending institutions, whoever they may be, will make their money on those who pay their bills and not make more money on those who go in default.

I send my amendment to the desk and ask that it be stated. I understand the committee is willing to accept it, and, as I have said before, I want it clearly understood that the word "originally" is to relate this restriction back to the date the home was financed originally.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the appropriate place insert a new section:

"None of the funds provided for in this Act can be used to purchase any mortgage at a price in excess of the actual amount paid for such mortgage when originally purchased."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware.

Mr. SPARKMAN. Mr. President, this deals with a matter that has irritated us no end over the years. As a matter of fact, at one time we enacted a provision against discounts on these mortgages. It proved unworkable. We wrote in the law a requirement for control by the agency, and that was unworkable.

I certainly have as much objection to the discounts as does the Senator from Delaware; and I have tried to get rid of them. I am not at all certain that his amendment will work. I hope it does, and I have told him that I would be willing to take it to conference.

Mr. WILLIAMS of Delaware. I thank the Senator. I am familiar with the efforts the committee has made over the years to correct this situation, and I appreciate the problem which confronted them because, to be honest, I too have had difficulty in getting an amendment drafted which could eliminate the point system.

I fully recognize that this amendment would not prohibit the point system, but I think it would have the effect of eliminating it because it eliminates any possibility that anybody can cash in and make any money on the point system. That is the only reason for the existence of the system. To collect the points now they will have to hold the mortgage for its full life.

I think it would force the Federal Housing and Home Finance Agency to put the interest rates at a realistic level so that those mortgages could be sold and financed at par. If it does not, the banking institutions could not afford to operate and purchase such mortgages. I think that this correction in practice would effectively force a correction of the evil. I will say this: If it does not correct it, I will be back again, because I think it is a shocking state of affairs when we have a Government program—and I know the chairman of the committee agrees with me—where the lending institutions make more money on failures than on good credit risks. That is what we are trying to correct.

I thank the chairman of the committee for his concurrence and acceptance of the amendment.

Mr. TOWER. I assure the Senator from Delaware that I shall strongly urge acceptance by the House conferees of the Senator's amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware.

The amendment was argeed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. SPARKMAN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. WILLIAMS of Delaware. Mr. President, I do not wish to delay the matter, but I have one further suggestion upon which I hope we can agree equally as well. If we do, we can dispose of the matter in 5 minutes.

The matter I shall discuss now deals with the first section of the bill. That is the portion between lines 1 and 5. The net effect of the section is to provide $2 billion additional money that can be used for the purpose of buying mortgages.

If this $2 billion is authorized as provided in the bill it is possible—in fact, I am advised that it is the intent—that they use these proceeds primarily to buy the mortgages which are in the existing portfolios of the lending institutions.

That would mean that many of those mortgages—mortgages which are 3, 5, and perhaps 10 years of age, and run over a 30-year term—would bear the interest rates which prevailed at the time the mortgages were issued. The rate might be as low as 4.5 percent, 5 percent, 5¼ percent, or 5¾ percent. However, whatever rates of interest those mortgages bore at that time, if we buy those mortgages under this provision the net effect would be a bailout and would put the money into the lending institutions.

The argument is that money would then be available to feed back into the housing industry. I agree that is possible, but it would be fed back at the higher rates which prevail today, which is approximately 6 percent.

The result could be to roll over the existing portfolios of lending institutions, portfolios consisting of mortgage rates bearing a low rate of interest, and converting that money into mortgages at rates that would be about 1 percent or 1½ percent higher than the older mortgages.

I do not think this measure was intended as a bailout for those lending institutions.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. TOWER. Mr. President, I think we have, in our remarks today, made sufficient legislative history to make clear the intent of the Senate that this is not intended as a bailout. We intend to pump new mortgage money into the economy so that we can get homebuilding going again.

Mr. WILLIAMS of Delaware. There is no question about that. I agree completely with the intent of the committee as it is explained.

I compliment the committee on the precautions they took in the second section on page 2 in which they said the new money shall be available only when the applicant certifies that the construction of housing to be covered by the mortgage had not commenced prior to the date of enactment of this act.

That means that $1 billion under that section will go in its entirety to new mortgage money in the building of new homes.

I concur completely; however, in the first section the $2 billion does not have that limitation, could go into a bailout job for lending institutions, and could raise their interest rates on their portfolios by about 1½ percent.

One and one-half percent of the $2 million would provide an extra $30 million for the lending institutions over the 30-year life of these mortgages.

I propose on line 5 to strike out the period and insert similar language to that which appears applicable to the second section. That would provide that none of the funds provided in this first section could be used to purchase any mortgage which bears a date prior to July 1, 1966. I would have no objection to saying January 1, 1966, since we adpoted the other amendment. I think that the January 1 date would have the effect of siphoning the entire $3 billion provided in this bill, into the construction of new homes.

If the amendment is accepted none of it could be used as a bailout for the lending institutions or as a vehicle by which they could roll their mortgage portfolios over and end up with an interest rate that would be 1 or 1½ percent higher.

I hope that the amendment will be accepted. If the amendment is accepted, as far as I am concerned we could proceed to vote on the bill. With that safeguard included in the bill I would enthusiastically support the measure. Without it I will vote against the bill.

Mr. TOWER. Mr. President, may I say to the Senator from Delaware that I certainly appreciate the thrust and the intent of his amendment, but I think the question involved here is highly technical and involves a legal interpretation that might be somewhat hazardous and might jeopardize the program.

I am not a lawyer, and I cannot comment in depth on this. However, it has been brought to my attention by counsel that this does raise some rather serious legal questions.

Mr. WILLIAMS of Delaware. I have discussed it with the representatives of the department downtown. I do not think it raises any serious question except that it would stop the bailout possibility to which I refer.

I have tremendous respect for lawyers. Not being a lawyer myself I have great admiration for their ability, but I am sometimes reminded of the fact that while the judge is a lawyer, the prosecuting attorney is a lawyer, and the counsel for the defense is a lawyer, when they get sufficiently confused it always takes 12 laymen to straighten them out.

As a layman I think this amendment is in understandable language. They would understand it. I might say it is about the same language, used to carry out the same intent, as the language placed in the second section of the bill by the committee. I would be well satisfied with the same language. In fact, the language of my amendment is more liberal because the committee language provides for financing only the construction of the housing that had not been commenced prior to enactment.

I thought that it would be a little hard for the agency in Washington to determine when they started to construct the house. I tied my amendment to the date of the mortgage. That would be easier to determine.

I am not wedded to the July 1 date. I just want to make sure that this money is directed toward financing the construction of new homes and is not used and cannot be used in any manner as a bailout for those lending institutions who are unfortunate enough to have in their portfolios several hundreds of millions of dollars worth of old mortgages which bear lower interest rates.

I do not criticize them for holding these mortgages. They were good investments then, but I do not think we should bail them out. I know that is not the intention of the committee.

My amendment would preclude that. I am advised, and I am sure the committee will admit, that in the absence of this amendment the bailout results I have described can happen.

Mr. TOWER. I point out to the Senator from Delaware that the first provision to strike "10" and insert "15," is addressed to an existing authority and to an existing procedure, whereas the second section creates a new authority and a new procedure. Therefore, we would prefer not to tamper with what is already being done.

We are simply extending the ratio from 10 to 15. Therefore, I think, for my part, that I would prefer not to address to that section any amendments which would have the effect of inhibiting the authority or changing the procedure.

Mr. WILLIAMS of Delaware. Mr. President, would the Senator be willing to accept a provision that none of the additional money provided in this section can be used for a bailout job, and that the FHA should be on notice that the extra $2 billion raised as a result of this first section is intended to be directed into new housing and must not be used in bailing out the old portfolios?

Mr. TOWER. I think perhaps the objective sought by the Senator from Delaware might be served by our making legislative history here to clarify our intent that this additional money go into new mortgage funds.

We are attempting here to create additional mortgage funds for new construction. I think if we can make that plain here, then the intent of Congress is clear.

Mr. WILLIAMS of Delaware. There is no question about that being the intent. The FHA downtown accepts it as the intent, and their argument is that this money will go into new construction. They will accept that, but the point I make is that the method by which they want it to go into new construction is by buying these old mortgages and making the money available to lending institutions in the hope that they will put that money, after they get it, into new construction. The question I am raising concerns how much of that money will really get in the housing industry.

Remember, as it goes through this secondary operation by buying the old mortgages first, providing the lending institutions with the money, and then letting them lend it at the higher rates now prevailing we are jacking up the income of their portfolios by 1½ percent.

I point out this additional disadvantage of not accepting this amendment: Without this provision nothing would prohibit a bank or lending institution, once it has unloaded at par its old mortgages on the FNMA—4½- to 5-percent mortgages, from putting the proceeds in FNMA participation certificates, which were offered yesterday at a yield of 5.91 percent, instead of in mortgages for new homes. We could not control what they did with the money once we bought those mortgages from them.

If an institution has $10 million worth of housing mortgages and sells them to FNMA under the provisions of this act as it is written, the institution has the money and can do what it pleases. If legislation is passed without this amendment tomorrow, the institution could put the entire $10 million into FNMA mortgages or in the mortgages of some domestic corporation, and conceivably none of this $2 billion would ever reach the housing industry. I do not believe that would be the case, but it is possible. There is nothing in this bill that follows through to provide that once they have unloaded these $2 billion mortgages on the Government, they have to use the proceeds for the housing industry. It is a hope only.

If this amendment is adopted, the entire $2 billion would be directed into the construction of new homes because it provides that none of the additional funds provided for in this section can be used to purchase any mortgage which bears a date prior to July 1, 1966.

In that manner the FHA would only use that money to buy new mortgages, and we would know that it would go directly into the housing industry. That is where we want it to go, and the only manner in which we can get it there is to accept this provision as a part of the law. The FHA has already confirmed that they intend to use this money to buy the mortgages that are already on hand in these lending institutions.

These mortgages that they will buy are bearing interest rates today of 4½ to 5 and up to 5¾ percent. They would be delighted to unload those mortgages on the Federal Government at par. I do not blame them. But they can take the proceeds then and reinvest them in 6-percent mortgages.

Assume for the moment that the objectives were carried out, that 100 percent of the mortgages that are bought are reinvested in homes. This situation would exist: The lending institutions would be given par or near par for an old 4½- to 5-percent mortgage, and they would be given money which they could lend out on a new mortgage at about 6 percent.

Why should we upgrade the interest rates on the portfolios of the lending institutions? Surely this legislation is not a bail-out attempt. This is supposed to help the home buyers of America, and the only way we can help them is to make sure that every dollar provided in this act goes directly to the home buyer.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. WILLIAMS of Delaware. I yield.

Mr. LAUSCHE. I am not a member of this committee, and therefore am merely seeking information.

Am I correct in my understanding that if this program is carried into effect, the moneys that will be expended by FNMA can be used in the purchase of mortgages in the portfolios of lending institutions?

Mr. WILLIAMS of Delaware. The Senator is correct, and it relates to the first section of the bill. That is the $2 billion.

With respect to the last section of the bill, which relates to $1 billion that could be borrowed from the Treasury, the committee tied that down in exactly the same manner—even tighter than I am proposing to tie this down in that it said that that money could only be used to finance mortgages on homes, construction of which was started after the enactment of this bill. I thought that was a little hard to define, and I am putting the date at July 1.

With this amendment and the one adopted just before this there could be no windfall. This will close the last possible loophole.

But the $2 billion that would be raised under the first section of the bill could—and I am advised it is intended to—be used to buy mortgages already in the portfolio of lending institutions on the premise that by making new money available they will finance new housing construction.

I would say that the bulk of that money would not be used to finance new housing construction. I will concede that much of it could, but even if it were used a hundred percent to refinance through new mortgages this would be the result: The interest rates on the portfolios of the lending institutions would be upgraded from 4½- to 5- or 5½-percent mortgages—the latest is 5¾ percent—to today's higher interest rate of 6 percent. Why should we upgrade their portfolios at higher rates?

On the other hand, they have to concede that it is possible and more than likely, that some of this money will not go into the housing industry. Theoretically, once they have unloaded their portfolios of mortgages on the FNMA they can use that money to buy the bonds that are being sold by some American corporations; they can buy triple A's today at 6 percent; they can use it to buy FNMA participation certificates at 5.91 percent.

Nothing in this bill provides that 1 dime of the $2 billion under this first section must go to the housing industry.

My purpose is this, and I say this as one who with this proviso would vote for the bill: The people in America who want homes are experiencing difficulty in purchasing homes. If this amendment were accepted we would have a bill which would direct the entire $3 billion into the construction of new homes. The homes already built and sold have been financed. If somebody is unfortunate enough to be holding a mortgage at an interest rate lower than today's rate I sympathize with him, but that situation is true with a lot of people who have bonds which they bought years ago.

Mr. LAUSCHE. What is the justification for the proposal that FNMA shall be permitted to buy existing mortgages in the portfolios of lending institutions, and not confine the new money given to it in a manner so that the moneys will be used for new construction? Why is it proposed that the lending institutions shall be benefited in the manner that the Senator from Delaware has described?

Mr. WILLIAMS of Delaware. The Senator from Alabama made it clear that it is his intent that this money go into the housing industry. I am sure that it is his intent that the money will go directly into the housing industry, but the bill does not so provide. It needs this amendment to make sure this will be the result.

Mr. LAUSCHE. The Senator means into new building?

Mr. WILLIAMS of Delaware. Into new building.

The point I make is that while the second section of the bill dealing with $1 billion specifically spells that out in the law, the first section is vague; it is left open.

Mr. LAUSCHE. What reason is given for making the first section open or vague?

Mr. WILLIAMS of Delaware. None. I am hoping that they will accept this amendment. If they do, the first section will be in line with the last section, and the full $3 billion will then be siphoned into the construction of new homes, homes started after July 1, 1966, or after the enactment.

As I have stated, I would have no objection—this 5¾ percent has been in effect since January—if they wish to make it effective January 1, but I do not wish to bail out the lending institutions on their old portfolios at par and give them the chance to upgrade their interest on their portfolios by 1½ percent, which could be done. One and a half percent on the $2 billion is $30 million a year that would be put into the lending institutions, and we are dealing with 30-year mortgages. That represents $900 million.

I am not about to support a bill that will increase the portfolio income of lending institutions by a billion dollars over the next 30 years. I know that that was not the intent of the committee, but let us correct the possibility.

All I wish to do is to have an amendment adopted that will make that impossible, and that will siphon every dime of this $3 billion into the new housing industry.

I repeat, with the acceptance of this amendment as far as I am concerned, I will support this bill most enthusiastically because it would guarantee that every dollar provided would go where we say we intend it to go.

Mr. LAUSCHE. Am I correct in understanding that a lending institution known as X, possessing mortgages yielding an interest rate of 4.5 percent, 5 percent, or 5.5 percent, could sell those mortgages to FNMA, the Government agency; and then, with the moneys that it received in the sale of low-interest-bearing mortgages, it could make any loans on mortgages at the high rate of interest now being commanded?

Mr. WILLIAMS of Delaware. That is exactly what FHA said is their intent. That has the effect of up-grading the portfolios by 1.5 percent. Even that may not be carried out because it is conceivable, unless we tie this down, after once unloading their portfolios on the Federal Government they may reinvest it in a railroad, the securities market, or anywhere.

I am suggesting that we do in the first section of the bill what the committee proposes to do with the second section; namely, to tie down every part of this additional money to construction of new homes.

Mr. SPARKMAN. Mr. President, would the Senator yield to me? I wish to make a correction in the statement that the Senator made.

Mr. WILLIAMS of Delaware. I yield to the Senator from Alabama.

Mr. SPARKMAN. I think it should be clear in our thinking as to the essential difference between the operation under section 1 and section 2.

As the Senator from Texas [Mr. TOWER] pointed out, section 1 ties in with a going operation. This would add more funds for buying mortgages in the secondary market. FNMA is engaged in this. FNMA does not usually buy old mortgages. I do not understand too much about the mechanics but I understand from the agencies that there is a technique; it is what they call "warehousing." They will take a mortgage, put it away, and seek to sell it within 6 months. They have a schedule. They need to sell enough to keep them liquidated all the time, and in business to buy more.

There is provision in the law now with respect to the FNMA secondary mortgage facility, and I would like to quote it. It is section 304(a)(1) of the Housing Act. It provides:

SECONDARY MARKET OPERATIONS

SEC. 304. (a)(1) To carry out the purposes set forth in paragraph (a) of section 301, the operations of the Association under this section shall be confined, so far as practicable, to mortgages which are deemed by the

Association to be of such quality, type, and class as to meet, generally, the purchase standards imposed by private institutional mortgage investors and the Association shall not purchase any mortgage insured or guaranteed prior to the effective date of the Housing Act of 1954. In the interest of assuring sound operation, the prices to be paid by the Association for mortgages purchased in its secondary market operations under this section, should be established, from time to time, within the range of market prices for the particular class of mortgages involved, as determined by the Association.

From time to time FNMA puts out a notice as to what its purchase price will be.

Reference has been made to the purchasing of low-interest-rate mortgages at par. FNMA simply does not do that. It is required by law to purchase such mortgages at the price in the marketplace, and that is what it does. Let me read from a release of the Federal National Mortgage Association dated June 10, 1966:

The Federal National Mortgage Association today announced revised purchase prices for mortgages it purchases under immediate purchase and standby commitment contracts in its Secondary Market Operations.

The new purchase prices apply to all offers received by the Association on and after June 10.

The revised immediate purchase prices for 5¼ percent, 5½ percent, and 5¾ percent mortgages on 1- to 4-family housing and for 6 percent home improvement loans represent a 2-point decrease from previous prices.

Let me skip to where the price schedule is given. The lowest purchase price stated is 5¼ percent. That is the price that prevailed on FHA and VA mortgages less than a year ago. But listen to this:

FNMA's new purchase prices for home mortgages will range from 96½—95 for 5¾ percent, 94½—93 for 5½ percent, and 92½—91 for 5¼ percent mortgages.

Ninety-six and one-half—95 are the prices of current mortages in the VA and FHA. FNMA is not offering to purchase any mortgages at a lower rate of interest than that. Certainly if they did, the discount price would be shown, in order that they might compete with the reasonable purchase price in the marketplace. I simply cannot see how we could go further than we have gone.

Mr. LAUSCHE. Will the Senator explain the prices of 91 to 95? That is the discount price, is it not?

Mr. SPARKMAN. That is what FNMA paid. A statement has been made about FNMA paying par. FNMA does not pay par for its mortgages.

Mr. LAUSCHE. That is, if par is $100, on the basis of its formula the price may be——

Mr. SPARKMAN. Ninety-one and one-half.

Mr. LAUSCHE. Ninety-one and one-half.

Mr. SPARKMAN. I earnestly hope that the Senator from Delaware will not push his amendment. We have been able to work out other amendments with him today. I believe that the law and the experience of FNMA illustrate that.

Furthermore, the regulations of FNMA today—and I hope the Senator from Delaware will remember this—limit the purchase of mortgages to 4 months. That is even less than what the Senator from Delaware proposes.

Mr. TOWER. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I should like to reply, first, to the Senator from Alabama, then I shall yield to the Senator from Texas.

The key words in the language that the Senator from Alabama read indicate that FNMA buys at prices that the Association determines. That is the joker.

What is proposed now? One reason why FNMA is paying less for mortgages now in relation to what was paid before is not altogether due to higher interest rates. FNMA is out of money. That is why it is before Congress now. It has no money and had to reduce the price it was paying. It does not have money and will not have it until funds are provided by Congress.

The moment the bill is signed what will happen?

Immediately $2 billion will be available. For what purpose? For home mortgages in the portfolios of investment companies. They know what is coming. It is a simple matter of economics; $2 billion will be directed into the market. What happens? Prices on these mortgages will rise.

It may be asked, "Why object to this? They can sell them anywhere." If they can sell into a free and open market now, what are we talking about? Why not direct this money, as I said before, into new construction? We know they cannot sell the mortgages in the free market at these prices.

Without this amendment this money may be placed by investors in AAA bonds. These mortgages were bought at a time when they were attractive investments. Now they are not so attractive, and the Government is asked to move in and bail them out at prices higher than exist now. If the $2 billion is directed solely toward the purchase of old mortgages certainly it will boost the market price.

All I propose to do is to amend the first section so as to carry out exactly what every member of the committee says he wants to achieve; namely, to siphon money into the new construction field. We should not leave it to an agency of the executive department to decide. This is our responsibility. I do not know how the agency has been using its money, but since they were short why did they not siphon the money into new mortgages? That practice should have been adopted long ago.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. LAUSCHE. Let us assume that under the formula it has adopted, FNMA buys mortgages at a discount and that in that manner it protects against the undue enrichment of lending agencies. Is there anything in the bill that contemplates or requires that the lending agency which sells its mortgages shall use the moneys obtained from the sale, for the promotion of the building industry?

Mr. WILLIAMS of Delaware. Nothing whatsoever.

Mr. LAUSCHE. Are they allowed to use the money which they obtain and invest it in whichever mortgages they believe will bring the greatest profit to them?

Mr. WILLIAMS of Delaware. They could, except for one point. If the mortgages were bought from the savings and loan institutions or someone who had it in a restricted portfolio, they would have to reinvest. Otherwise the answer is no. The chairman is speaking of paying 92 percent for the mortgages. We have in today's quotations that United States Steel has a 4⅝-percent bond, Triple A, selling for 89. That can be bought on the open market. Mortgages which have to be serviced on a monthly collection basis naturally sell lower.

What I am suggesting is that the additional money should not be used to buy these old mortgages. They should channel their operations into the new construction field.

Mr. LAUSCHE. Is the bill before us intended to stimulate and promote the building of homes?

Mr. WILLIAMS of Delaware. That is the argument used. This is one problem that disturbs me. I know that the committee intends that the benefit go to the homebuyer, but one of the things that has disturbed me about this from the beginning has been the emphasis that this was a homebuilder's bill. I respect homebuilders. We cannot have homeowners if we do not have homebuilders, and homebuilders are entitled to consideration and to make a profit. I respect that, and I will protect it; but at the same time our efforts here should be directed entirely toward helping the man who is trying to buy a home.

Mr. President, I send to the desk the amendment and ask that it be stated. I hope that it will be accepted, and if so, then so far as I am concerned, we can vote on final passage of the bill.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read the amendment as follows:

On page 1, line 5, strike out the period and insert *"Provided, however,* None of the additional funds provided for in this section can be used to purchase any mortgage which bears a date prior to January 1, 1966".

Mr. TOWER. Mr. President, as much as I dislike to disagree with my good friend from Delaware, who is probably one of the most constructive legislators in the history of the Senate, I do feel constrained to concur with the Senator from Alabama [Mr. SPARKMAN], and hope that the amendment will not be pressed. I do not believe it is necessary. Further, I think it should be pointed out that the amendment is addressed to an existing operation and an existing procedure. If we do not like the way FNMA operates, then what we should do is to introduce a bill specifying a desire to change the method of operation of FNMA. We should not try to do it by an amendment to the pending bill, which would not change the basic nature of the operation but would change the operation of the ratio from 10 to 15, taking into consideration the fact that FNMA does not buy mortgages more than 4 months

old—is that correct, let me ask the Senator from Alabama?

Mr. SPARKMAN. That is the regulation.

Mr. TOWER. I do not see how we can talk about buying old mortgages. Therefore, I would hope that, to begin with, the Senator from Delaware would not press his amendment. We have been cooperative and have accepted two of his constructive amendments, which I intend to advocate in conference; but I would be hopeful that the pending amendment would not be pressed at this time. I would certainly be glad to cooperate with the Senator from Delaware in the propounding of legislation to change the FNMA procedures that are currently in existence that may not be satisfactory or that may not be enough to stimulate the flow of mortgage money. Therefore, I am hopeful that the pending amendment will not be agreed to.

Mr. WILLIAMS of Delaware. I do not wish to delay the Senate any longer—it has been delayed too long already. So far as I am concerned, we can have an agreement to vote on this amendment and vote on final passage, too. I have no other amendments to offer. We can first get the quorum call and vote on the amendment; we can get it over with.

I feel very strongly, however, that my amendment does have merit. Here we are approving a bill which will, in this section, provide for an addition $2 billion. The stated purpose of the bill is to take the $2 billion and channel it toward the financing of the construction of new homes. My amendment would make sure that that $2 billion would go for that purpose. If it does, well and good, but if the amendment is defeated the Department admits it plans to buy the existing portfolios of mortgages from the investment companies in the hope—and I emphasize the words "in the hope"—that the money which they receive therefrom will then be channeled into the home construction industry, but there is no assurance whatsoever that it would go there. Except this—as the purchases would be directed to an institution which happens to have in its charter that it could only finance home mortgages and, even then, it would not have to loan it if it did not want to.

So I think the amendment is necessary. First, action is to be taken on my amendment. I am not going to delay the Senate any longer. We can vote.

Mr. TOWER. Is the Senator from Delaware going to insist on a rollcall vote on his amendment?

Mr. WILLIAMS of Delaware. Yes, I should like to have a rollcall vote. This is a very important matter, but I am perfectly willing to vote. I would hope that the Senate would take my amendment. This is a constructive amendment. I would hate to see the Senate pass this bill approving the $2 billion with the clear understanding—and I have got that clear understanding with the agencies—that it is their plan to get this amount of money into the home construction industry through the buying of the existing portfolios of the lending institutions, and then trust that some of the proceeds will filter down to the housing industry.

That is the issue. I do not believe we need debate the issue further. We can ask for the yeas and nays on both the amendment and final passage, and then, so far as I am concerned, we can vote on them one right after the other.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered and the clerk will call the roll——

Mr. WILLIAMS of Delaware. Mr. President——

The PRESIDING OFFICER. The Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, I suggest the absence of a quorum——

Mr. SPARKMAN. Mr. President, will the Senator withhold that request?

Mr. WILLIAMS of Delaware. Yes.

Mr. SPARKMAN. The Senator from Delaware has suggested he would set a date of January 1, 1966. In other words, he would limit it to the purchase of mortgages subsequent to January 1, 1966. That is further back than the regulations of FNMA allow them to purchase.

With that explanation—and I have talked with the Senator from Texas [Mr. TOWER] about it—we have expressed willingness to take the amendment to conference. I want to make clear to the Senator from Delaware that I am not at all certain it is a good provision. I must say I cannot view this amendment as strongly as I did the other amendment.

Mr. TOWER. Mr. President, I am compelled to concur.

Mr. WILLIAMS of Delaware. I am willing to set the date at January 1, 1966, that achieves the purpose I desire. I think it is more practical to fix a date.

Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. Yes.

Mr. WILLIAMS of Delaware. I ask unanimous consent that I may withdraw the request for the yeas and nays.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS of Delaware. I modify my amendment to make the date January 1 instead of July 1.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. HOLLAND. Does this mean, as the Senator has amended his amendment, that the purchases of mortgages are confined to those dated not earlier than January 1, 1966, this year?

Mr. WILLIAMS of Delaware. That is correct.

Mr. HOLLAND. Is this agreeable to the Senator from Alabama?

Mr. SPARKMAN. I would much rather it not be written into the law. I doubt that it is practical. However, I have said we would take it to conference, because the regulations of FNMA affect this.

Mr. HOLLAND. This would certainly cover most of the portfolios of people active in the business and enable them to get relief from their present overburdened condition. Is that correct?

Mr. SPARKMAN. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware, as modified.

The amendment, as modified, was agreed to.

Mr. LAUSCHE. Mr. President, I wish to ask several questions of the manager of the bill, the Senator from Alabama [Mr. SPARKMAN].

In the face of the scarcity of money to finance construction of homes, has the cost of building gone down or continued up?

Mr. SPARKMAN. I cannot answer that question.

Mr. LAUSCHE. There is nothing in the record showing what the percentage increase in the construction of homes has been in the last year or two?

Mr. SPARKMAN. I do not have that information at hand.

Mr. LAUSCHE. Does the Senator have a general impression whether, in spite of the scarcity of money for building new homes, the cost has been increasing rather extravagantly?

Mr. SPARKMAN. I am certain there has been an increase, but as far as the actual building is concerned, we are just now beginning to feel the pinch of high interest rates and the scarcity of money, because the homes being completed now or under construction now were contracted for 6 or 8 months ago.

Mr. LAUSCHE. The reason I asked the question is that I have received letters from constituents in Ohio saying, "How can I own a home when, in the building of homes, craftsmen are getting $6 and $7 an hour? It places the purchase of a home completely beyond my power."

I wonder if by our activities at the Federal level we are not stimulating those increased demands being made.

Mr. MORSE. Mr. President——

Mr. SPARKMAN. Mr. President, will the Senator yield for a moment?

Mr. MORSE. I yield.

Mr. SPARKMAN. I ask unanimous consent that the Secretary of the Senate be authorized, in the engrossment of the Senate amendments, to make technical and clerical corrections and any necessary rearrangements of the amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. May I inquire of the Senator from Oregon if he is going to talk on the bill?

Mr. MORSE. Would the Senator be surprised?

Mr. SPARKMAN. I was hoping we could proceed with the bill and the third reading and bring it to an end.

Mr. MORSE. The Senator will have time to bring it to an end after I finish. I want to talk on the bill before the third reading.

Mr. SPARKMAN. Fine.

Mr. MORSE. Mr. President, I rise to support the bill——

Mr. TOWER. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. MORSE. I yield.

Mr. TOWER. Mr. President, did the Senate concur in the amendment?

The PRESIDING OFFICER. The amendment has been agreed to.

Mr. MORSE. Mr. President, I rise to support the bill. I think the time has come for Congress to act on the crisis in the mortgage money market. On July 25, I reported to the Senate the consternation and distress that high interest and tight money were causing in my State and the Pacific Northwest. I am sure that the daily mail of every Senator reminds him that the same concern is felt in his State. It is nationwide.

My mail on the subject continues to be voluminous and caustic. It comes from homebuilders whose businesses are faced with disaster. It comes from families that wish to buy a home but cannot get financing at all, or cannot afford the interest on the mortgage loans that are available. Lumber products output and prices are down. Other industries—those that make the component products of American homes, and those that handle real estate transfers and financing—have been or soon will be adversely affected.

In my State, many of our lumber mills, particularly the plywood industry—and plywood is substantially used in homes these days—are cutting down their shifts and laying off men. This administration is going to have to assume a large part of the responsibility for letting business get in a condition which is resulting in economic disruption, because it is not taking the steps it ought to take to protect the American people in connection with the problems raised by its money and interest policies.

My constituents demand that action be taken to alleviate these hardships, so incongruous in the midst of the general prosperity and so damaging to the great forest products industry of Oregon.

Many of the letters are not specific in suggesting what action would be effective; but some are.

However, these letters are unanswerable if one seeks to sustain the present money and interest policies of the administration.

An example of the latter kind of communication is a thoughtful letter I received from Mr. Thomas M. Paarmann, northwest district sales manager, the Flintkote Co.:

JULY 21, 1966.

Hon. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: As manager of The Flintkote Company plant in Portland, I am calling your attention to a situation that greatly concerns us.

Products we produce are used by the home building industry, which is now imperiled by the diversion of money from regular mortgage markets. Housing starts in May dropped to the lowest point in 3½ years. Immediate action to correct the condition will not head off the critical period facing the industry the latter part of this year, but it will help prevent long-term injury.

The housing industry crisis directly affects the income of our employees and their families. Likewise affected are those who earn their livelihood from the building, furnishing and selling of homes. The consequences will be felt throughout our community's economy.

Therefore, we earnestly and respectfully seek your support of legislative action on the following three points:

1. Broaden the purchasing powers of the Federal National Mortgage Association.

I say to the chairman of the committee [Mr. SPARKMAN], it is my understanding that at least this bill will be somewhat helpful in that regard—namely, that it will help broaden the purchasing powers of the Federal National Mortgage Association.

Mr. Paarmann goes on to point out, by way of other specific suggestions, in his letter:

2. Impose a 4½ per cent maximum on lower-priced, individually-purchased certificates of deposit.

3. Permit the Federal Reserve Board to purchase notes of the Federal Home Loan Bank and of the Federal National Mortgage Association.

We would also appreciate your support for administrative action to increase the Federal Housing Administration interest rate from 5¾ per cent to 6 per cent. A lender can only obtain an effective market yield on a 5¾ per cent interest rate by charging high discounts. A 6 per cent rate would result in a more realistic yield and help reduce discounts.

These steps would benefit our employees, potential home buyers and many others in our area whose incomes are directly and indirectly influenced by the state of the home building industry.

Sincerely yours,

THOMAS W. PAARMANN,
Northwest District Sales Manager.

Mr. President, I am gratified to note that the bill before the Senate would carry out the first of my constituent's suggestions: S. 3688 will, in two ways and under two programs, greatly increase the mortgage purchasing power of the Federal National Mortgage Association. Therefore, I welcome the bill for that reason, and I am glad to support it today. I know that other pending bills, some now fairly well advanced in the legislative process, will deal with other of Mr. Paarmann's recommendations. I hope to comment on them in more detail soon. I commend the Subcommittee on Housing and its distinguished chairman, the Senator from Alabama [Mr. SPARKMAN], and the full Committee on Banking and Currency, for their expeditious handling of this very much needed and urgent legislation.

Mr. TOWER. Mr. President, I should like to express my appreciation for the remarks of the distinguished Senator from Oregon, and to note that the Banking and Currency Committee is considering other legislation to help loosen up money, which is, of course, a very pressing national problem at the moment.

I know this bill is not a panacea. It is only one step. But I think it is a tremendously constructive step, and I should like to note at this time that the distinguished Senator from Alabama [Mr. SPARKMAN] has shown great skill and great dispatch in the handling of the measure. It was reported by our committee unanimously, and I think that is certainly a tribute to the great ability and insight into the problem of the Senator from Alabama. I hope that, as it came out of the committee unanimously, it will pass the Senate unanimously.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. SPARKMAN. Mr. President, I should like to express, of course, my appreciation to the able Senator from Texas for his hearty cooperation. When I started presenting my remarks yesterday, I pointed out the fact that he and I had introduced companion bills, and that then we got together and jointly sponsored the measure reported by the committee.

Mr. President, earlier in the day, there was an amendment offered by the Senator from Nevada [Mr. CANNON], and then later an amendment was offered by the two Senators from Hawaii [Mr. FONG and Mr. INOUYE] and the Senator from Alaska [Mr. GRUENING]—in fact, Mr. GRUENING actually made the presentation—in which certain price levels were set. These two amendments were previously agreed to, and motions to reconsider the votes by which they were agreed to were tabled.

It turns out that those amendments, as actually written, do not fit well; and I now ask unanimous consent to offer this amendment as a substitute for those amendments.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 5, in lieu of the two amendments already agreed to, strike out the period and insert in lieu thereof the following:

: *Provided,* That the Association is authorized to increase the foregoing amount for single family dwellings to not more than $17,500 ($22,500 in Alaska, Guam, or Hawaii) in any geographical area where the Secretary finds that cost levels so require.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama.

The amendment was agreed to.

Mr. JAVITS. Mr. President, will the Senator yield to me?

Mr. SPARKMAN. I yield to the Senator from New York.

Mr. JAVITS. As one who used to serve on the Committee on Banking and Currency, I join with the others who have expressed satisfaction with the bill, as well as with its handling by my beloved friend, the Senator from Alabama. I should like to add only one point.

We often discussed, in the committee, whether moves which would enlarge the mortgage money market, to make more mortgage money available, were inflationary. It seems to me that constantly we came to the conclusion that what adds as basically and constructively to the total resources and tranquillity of the country as does a measure such as this

represents the conversion of goods, materials, and labor into extremely more valuable assets to the Nation than the goods, materials, and labor represented. I add that because the American people should be reassured that this is one of the most constructive ways to stabilize our situation, rather than otherwise, lest we have given the superficial impression that by creating more availability of mortgage money, we are adding to the inflationary mood.

Mr. SPARKMAN. I am glad the Senator made those remarks, because I think he is right. I have often made similar remarks at times when there were efforts to curb the amount of housing. I have said it this way: Decent shelter is just as essential as food and clothes. We never hear any suggestions as to limitations on food and clothing; we ought not to curb housing.

Mr. JAVITS. If the Senator will indulge me, may I ask one question?

Mr. SPARKMAN. I ask that the Senator withhold his question for a moment.

Mr. President, I ask for the third reading.

The PRESIDING OFFICER. The bill (S. 3688) is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

Mr. SPARKMAN. I yield to the Senator from New York.

Mr. JAVITS. We have a considerable amount of concern, in New York, about the apparent severe shortage in funds available for college housing. I wonder whether the Senator could perhaps give us some word on that.

Mr. SPARKMAN. One thing that has created somewhat of a crisis in college housing has been the fact that last year the interest rate on college housing loans was lowered to 3 percent. For the first time, it became a subsidized interest rate. That naturally has brought on a very great demand for college housing.

There is nothing in this bill about this matter; this is not the bill for it.

Mr. JAVITS. I understand. But does the Senator know of anything which the Committee on Banking and Currency is contemplating to deal with that situation?

Mr. SPARKMAN. There is no proposal at the present time, that we are conscious of.

Mr. JAVITS. I point out to the Senator that there are very many fine institutions of higher learning undergoing enormous pressure of increased enrollments, which really are suffering.

Mr. SPARKMAN. That is true all over the country, and will be even more so now, since passage of the so-called cold war GI bill of rights.

Mr. JAVITS. Could we have some confidence that the committee will consider itself seized of that problem, and will have a look at it?

Mr. SPARKMAN. We surely will.

Mr. JAVITS. I thank the Senator.

Mr. BIBLE. Mr. President, I am pleased to support S. 3688 and want to compliment the able Senator from Alabama [Mr. SPARKMAN] and committee members for acting upon this measure and getting it before the Senate.

It is my belief that new purchasing authority should be granted to FNMA. The tight money market has, during the past few months, caused a dramatic slowdown in home construction, one which I believe has gone much too far and the Congress should take steps to make corrective measures.

Day after day, my mail reflects the need for increasing mortgage money and while I fully realize this bill will not correct all of the ills in the housing industry, it will be of benefit, in my opinion, to the industry as well as the home purchaser.

While I am sure all Members have received much correspondence on this subject, I would like to quote from one letter which I recently received and which I think points out the problem presently existing in some areas of my State as well as nationally. The letter reads in part:

> Right now, housing production in northern Nevada is choked down to near zero. By the end of this year, the number of new dwellings built in our immediate area could be well under half of the 2,175 constructed in 1965. The City of Sparks, for example, recorded one residential permit this June. Only seven residential permits were issued in Washoe County during the first 25 days of July. Washoe County officials report residential building permit applications have dropped over 75% in the last 90 days from last year's May-June-July total of 183 to the current total of only 48. Other jurisdictions in our area report similarly discouraging figures.
>
> The critical conditions which exist follow a steady decline in housing production which was occurring here even during comparatively favorable market conditions. In 1963 some 2,564 housing units were built here. In 1964 the total fell to 2,291. Last year, there were but 2,175. In short, Senator BIBLE, an industry already ailing with a gradual market decline has suddenly been thrown into absolute chaos, a condition that surely will sound the death knell for hundreds of businesses and thousands of jobs over and above those already claimed. There are over 400 licensed prime contractors in the immediate Washoe County area. Think of that when you glance back at the paragraph above and note that probably fewer than 75 building permits were put to use in this entire area within the last 90 days.
>
> Many general contractors are idle at this time, and so are most suppliers and subcontractors and thousands of people employed by them. The state of Nevada now reports 2,200 construction workers are unemployed, but we think the actual figure is higher.
>
> Obviously, what happens to the builder happens to everyone. As the builder goes, so goes the economy in general. The Home Builders Association of Northern Nevada strongly urges you to support the enactment of legislation now before Congress designed to arrest this very serious decline in housing production caused by lack of available residential financing.

While the above communication was directed to me from the president of Home Builders Association of Northern Nevada and undoubtedly the association has a valid interest, I see nothing wrong with wanting to assist the industry which in turn, as the writer states, helps thousands of other workmen including major suppliers.

A surplus of housing does not exist in northern Nevada. In fact in some communities, they are hard put to keep up with the growing population and demand.

I do not believe the homebuilders will go overboard in construction of homes where surpluses may now exist. I also believe FHA can and should do its part in controlling this situation by not being too lenient in granting insurance in areas of overbuilding.

As I previously stated, I favor this legislation and hope the bill will pass in its present form.

Mr. RIBICOFF. Mr. President, the mortgage money shortage in Connecticut is reaching critical proportions. Its devastating effect is being felt in all parts of the State and the long-range damage cannot be underestimated.

The immediate hardship being caused to individuals is obvious. Connecticut is a highly developed industrialized State. Its citizens are often required to move for employment reasons as well as personal reasons. When a person is forced to move, and cannot sell his house, the individual hardship is severe.

But it is not only the individual trying to sell his house who suffers. The economy itself is greatly affected by the building industry. Without mortgage money, the many builders throughout the State, large and small, cannot operate. Their businesses are affected. But if they cannot build, the carpenters and the construction trades cannot work. The laborers in the residential construction industry are among those who are least able to afford the loss of work. They are among the hardest hit.

Like a stone thrown in a pond, the harmful effects spread throughout the economy of the State. The suppliers and all those who provide materials, and their employees are hurt. The real estate salesmen suffer, as do the architects. In Stamford, for example, it is estimated that approximately one-fifth of the families derive some portion of their incomes from the homebuilding industry and related activities.

When these people are damaged, the effect must spread to all from whom they buy goods, services, entertainment.

But in Connecticut, there is another long-range effect. Our industries are expanding. Its economy is firmly based on a supply of skilled labor. Its ability to meet the growing needs of the people depends on the steady growth of its industrial base. Much of the State already faces a shortage of skilled workers. If these industries are to grow, housing must be provided.

Even now the normal growth of our cities and urban centers requires the constant building of new residential housing. Without the construction of new housing, our expanding population can only drive up the cost of existing housing. As the price of housing goes up—as the population expands, and the amount of housing remains constant—it is those on the lower end of the economic scale who will again be hardest hit. Thus, the problems of our cities will be further intensified.

Mr. President, this bill will add about $2 billion to the existing supply of mort-

gage money. It is not a cure-all, but it is a very vital and necessary step that must be taken. I urge the immediate passage of this essential legislation.

Mr. KENNEDY of New York. Mr. President, during the last several months we have seen a significant drop in the construction of residential housing. The National Association of Home Builders predicts that there will be one-third fewer homes started during the remainder of this year unless something is done to correct this situation. And the New York State Department of Commerce reports that this year there were 20 percent fewer residential housing contracts than last.

Most observers blame this drop in residential housing construction on the high cost and shortage of credit. The interest cost for first mortgages now averages 6½ percent for the United States, with costs in some areas at 7½ percent. Homebuilders in the Rochester, N.Y. area report that those mortgages that are available have an interest rate of about 7 percent.

There is also a shortage of mortgage money at any interest rate in many areas. Many savings and loan institutions are not able to provide mortgage money to customers at the higher rates because of the shortage of capital.

The result of this shortage of mortgage money is that the family which wishes to purchase a new or used home or sell its existing house is unable to do so. The family must delay its move until a future date when credit prices may fall.

The potential homeowner, the homeowner who wishes to sell his house, the homebuilder, and those employed by the builder are thus the first to suffer from the restrictive monetary restraints placed on the economy. This segment of the economy is the most sensitive to increases in interest rate.

The smaller builders and suppliers also become victims of this credit squeeze. The builder who constructs individual houses and the local suppliers is immediately affected by the lack of new projects. Larger companies with independent financing are able to continue their operations and handles business that would otherwise be available to the smaller companies. In this sense, tight credit favors larger businesses and hampers the independent business.

The legislation introduced by Senator SPARKMAN is designed to relieve pressure on the residential housing mortgage market. It will authorize the Federal National Mortgage Association to expand by $3 billion its purchase of mortgages guaranteed by the Federal Housing Administration and Veterans' Administration. About $1 billion of this is to be used for low-cost residential housing with mortgages of $15,000 or less.

The bill does not address itself to the general economic problems posed by the abnormally high cost of credit. But it can slow the continuing drop in residential housing construction. I urge my colleagues to support this measure; I believe that it will benefit the economy.

Mr. SPARKMAN. Mr. President, I ask for the yeas and nays on passage of the bill.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Indiana [Mr. BAYH], the Senator from Louisiana [Mr. ELLENDER], the Senator from Tennessee [Mr. GORE], the Senator from Montana [Mr. METCALF], the Senator from Maryland [Mr. TYDINGS], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from Tennessee [Mr. BASS], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL], the Senator from Minnesota [Mr. MCCARTHY], the Senator from New Hampshire [Mr. MCINTYRE], and the Senator from South Carolina [Mr. RUSSELL] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from Tennessee [Mr. BASS], the Senator from Indiana [Mr. BAYH], the Senator from Louisiana [Mr. ELLENDER], the Senator from Tennessee [Mr. GORE], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL], the Senator from Minnesota [Mr. MCCARTHY], the Senator from New Hampshire [Mr. MCINTYRE], the Senator from Montana [Mr. METCALF], the Senator from South Carolina [Mr. RUSSELL], the Senator from Maryland [Mr. TYDINGS], and the Senator from Texas [Mr. YARBOROUGH] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] is absent because of illness.

The Senator from Iowa [Mr. MILLER], and the Senator from Colorado [Mr. DOMINICK] are necessarily absent.

The Senator from Vermont [Mr. AIKEN] is absent on official business.

If present and voting, the Senator from Vermont [Mr. AIKEN], the Senator from Utah [Mr. BENNETT], the Senator from Colorado [Mr. DOMINICK], and the Senator from Iowa [Mr. MILLER] would each vote "yea."

The result was announced—yeas 83, nays 0, as follows:

[No. 201 Leg.]

YEAS—83

Allott	Fannin	Long, La.
Anderson	Fong	Magnuson
Bible	Fulbright	Mansfield
Boggs	Griffin	McClellan
Brewster	Gruening	McGee
Burdick	Harris	McGovern
Byrd, Va.	Hart	Mondale
Byrd, W. Va.	Hartke	Monroney
Cannon	Hickenlooper	Montoya
Carlson	Holland	Morse
Case	Hruska	Morton
Church	Inouye	Moss
Clark	Jackson	Mundt
Cooper	Javits	Murphy
Cotton	Jordan, N.C.	Muskie
Curtis	Jordan, Idaho	Nelson
Dirksen	Kennedy, Mass.	Neuberger
Dodd	Kennedy, N.Y.	Pastore
Douglas	Kuchel	Pearson
Eastland	Lausche	Pell
Ervin	Long, Mo.	Prouty
Proxmire	Simpson	Thurmond
Randolph	Smathers	Tower
Ribicoff	Smith	Williams, N.J.
Robertson	Sparkman	Williams, Del.
Russell, Ga.	Stennis	Young, N. Dak.
Saltonstall	Symington	Young, Ohio
Scott	Talmadge	

NAYS—0

NOT VOTING—17

Aiken	Ellender	Metcalf
Bartlett	Gore	Miller
Bass	Hayden	Russell, S.C.
Bayh	Hill	Tydings
Bennett	McCarthy	Yarborough
Dominick	McIntyre	

So the bill (S. 3688) was passed as follows:

S. 3688

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 304(b) of the National Housing Act is amended by striking out "ten" and inserting in lieu thereof "fifteen": *Provided, however,* That none of the additional funds provided for in this section can be used to purchase any mortgage which bears a date prior to January 1, 1966.

SEC. 2. Section 305(g) of the National Housing Act is amended to read as follows:

"(g) With a view to further carrying out the purposes set forth in section 301(b), and notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase and to purchase, service, or sell any mortgages which are insured under title II of this Act or guaranteed under chapter 37 of title 38, United States Code, if the original principal obligation of any such mortgage does not exceed $15,000: *Provided,* That the Association is authorized to increase the foregoing amount for single family dwellings to not more than $17,500 ($22,500 in Alaska, Guam, or Hawaii) in any geographical area where the Secretary finds that cost levels so require. The total amount of such purchases and commitments made after August 1, 1966, shall not exceed $1,000,000,000 outstanding at any one time, and no such commitment shall be made unless the applicant therefor certifies that construction of the housing to be covered by the mortgage has not commenced. For the purposes of this subsection, $500,000,000 of the authority hereinabove provided shall be transferred from the amount of outstanding authority specified in subsection (c), and the amount of outstanding authority so specified shall be reduced by the amount so transferred."

SEC. 3. None of the mortgages purchased by the Federal National Mortgage Association in carrying out the provisions of section 305(g) of the National Housing Act, as amended by this Act, with the proceeds of any money borrowed from the Federal Treasury, shall be pledged as collateral for repayment of any participation certificates sold by such Association.

SEC. 4. None of the funds provided for in this Act can be used to purchase any mortgages at a price in excess of the actual amount paid for such mortgage when originally purchased.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. SPARKMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, the authority just given by the Senate to ease credit restrictions on home loans will be welcomed by millions of current and prospective homeowners, not to mention

the construction of other related industries. As has been the case for many years, the man most responsible for this important step in housing is the distinguished chairman of the Subcommittee on Housing [Mr. SPARKMAN]. No opportunity to promote the public interest in this critical field is missed by the Senator from Alabama, and every piece of legislation in recent years has borne the imprint of his keen understanding of the problems of homeowners. The Senate again salutes him for his wise leadership.

Another who was particularly instrumental in fashioning a bill acceptable to the Senate is the distinguished junior Senator from Texas [Mr. TOWER]. As ranking minority member of the subcommittee, he has been most helpful in clarifying the issue and guiding floor debate.

Likewise, the Senator from Delaware [Mr. WILLIAMS], the Senator from Oregon [Mr. MORSE], the Senator from New York [Mr. JAVITS], the Senator from Ohio [Mr. LAUSCHE], and others made significant contributions to the passage of this important measure through their amendments and floor debate. The leadership is especially appreciative of the efforts of these Senators in passing a bill which, I believe, will get the overwhelming support of American homeowners.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the bill (S. 3105) to authorize certain construction at military installations, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H.R. 10104) to enact title 5, United States Code, "Government Organization and Employees," codifying the general and permanent laws relating to the organization of the Government of the United States and to its civilian officers and employees.

The message further announced that the House had agreed to the amendment of the Senate to the bill (H.R. 11671) to appprove a contract negotiated with the El Paso County Water Improvement District No. 1, Texas, to authorize the execution, and for other purposes.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 14921) making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, offices, and the Department of Housing and Urban Development for the fiscal year ending June 30, 1967, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. EVINS of Tennessee, Mr. BOLAND, Mr. SHIPLEY, Mr. GIAIMO, Mr. MAHON, Mr. JONAS, Mr. MINSHALL, Mr. RHODES of Arizona, and Mr. BOW were appointed managers on the part of the House at the conference.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (H.R. 10284) to provide that the Federal office building under construction in Fort Worth, Tex., shall be named the "Fritz Garland Lanham Federal Office Building" in memory of the late Fritz Garland Lanham, a Representative from the State of Texas from 1919 to 1947.

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of measures on the calendar, beginning with Calendar No. 1406 and the succeeding measures in sequence.

The PRESIDING OFFICER. Without objection, it is so ordered.

GUSTAVO EUGENIO GOMEZ

The bill (S. 3029) for the relief of Gustavo Eugenio Gomez was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 3029

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Gustavo Eugenio Gomez shall be held and considered to have been lawfully admitted to the United States for permanent residence as of July 22, 1961.

DANIEL PERNAS BECEIRO

The bill (S. 3039) for the relief of Daniel Pernas Beceiro was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 3039

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Daniel Pernas Beceiro shall be held and considered to be lawfully admitted to the United States for permanent residence as of August 20, 1960.

DR. GUILLERMO N. HERNANDEZ, JR.

The bill (S. 3311) for the relief of Dr. Guillermo N. Hernandez, Jr., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 3311

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the purposes of the Immigration and Nationality Act, Doctor Guillermo N. Hernandez, Junior, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of May 31, 1961.

YUNG MI KIM

The bill (S. 3318) for the relief of Yung Mi Kim was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 3318

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, as amended, a petition may be filed by Mr. and Mrs. Charles G. Hood in behalf of Yung Mi Kim, and the provisions of Section 204(c) of that Act relating to the number of petitions which may be approved in behalf of children defined in section 101 (b) (1) (F) of the said Act shall not be applicable in this case.

MARIA JORDAN FERRANDO

The Senate proceeded to consider the bill (S. 3329) for the relief of Maria Jordan Ferrando which had been reported from the Committee on the Judiciary, with an amendment, on page 1, at the beginning of line 6, to strike out the name "Traube", and insert "Trabue"; so as to make the bill read:

S. 3329

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, as amended, Maria Jordan Ferrando shall be held and considered to be the parent of Mrs. Victoria Trabue, a citizen of the United States, within the meaning of section 201(b) of the said Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

PANAGIOTA KONSTANTINOS SIKARAS

The Senate proceeded to consider the bill (S. 1370) for the relief of Panagiota Konstantinos Sikaras which had been reported from the Committee on the Judiciary, with an amendment, to strike out all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act, as amended, Panagiota Konstantinos Sikaras may be classified as a child within the meaning of section 101(b) (1) (F) of the Act, and a petition may be filed in her behalf by Mr. and Mrs. Spyros Sikaras, citizens of the United States, pursuant to section 204 of the Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

ELIAS LAMBRINOS

The Senate proceeded to consider the bill (S. 1878) for the relief of Elias Lambrinos which had been reported from the Committee on the Judiciary, with an amendment, to strike out all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act, the provisions of section 204(c) of that Act shall be inapplicable in the case of Elias Lambrinos.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

DR. EARL C. CHAMBERLAYNE

The Senate proceeded to consider the bill (S. 2486) for the relief of Dr. Earl C. Chamberlayne which had been reported from the Committee on the Judiciary, with an amendment, to strike out all after the enacting clause and insert:

That, for the purposes of the Immigration and Nationality Act, Doctor Earl C. Chamberlayne shall be held and considered to have been lawfully admitted to the United States for permanent residence as of December 9, 1952.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

LIM AI RAN AND LIM SOO RAN

The Senate proceeded to consider the bill (S. 2809) for the relief of Lim Ai Ran and Lim Soo Ran which had been reported from the Committee on the Judiciary, with an amendment, to strike out all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act, section 204(c), relating to the number of petitions which may be approved in behalf of orphans, shall be inapplicable in the case of a petition filed in behalf of Lim Ai Ran and Lim Soo Ran by Mr. and Mrs. Everett S. Clark, citizens of the United States.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

DR. OSCAR LOPEZ

The Senate proceeded to consider the bill (S. 3042) for the relief of Dr. Oscar Lopez which had been reported from the Committee on the Judiciary, with an amendment, on page 1, line 6, after the word "of", to strike out "December 16, 1961.", and insert "December 15, 1961."; so as to make the bill read:

S. 3042

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Doctor Oscar Lopez shall be held and considered to have been lawfully admitted to the United States for permanent residence as of December 15, 1961.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

ANTONIO GONZALEZ-MORA AND HIS WIFE, NATALIA SANDOVAL GONZALEZ-MORA

The Senate proceeded to consider the bill (S. 3395) for the relief of Antonio Gonzales-Mora, and his wife, Natalia Sandoval Gonzalez-Mora which had been reported from the Committee on the Judiciary, with an amendment, on page 1, line 7, after the word "of", to strike out "March 31, 1961.", and insert "July 1, 1960, and July 9, 1960, respectively"; so as to make the bill read:

S. 3395

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Antonio Gonzalez-Mora and his wife, Natalia Sandoval Gonzalez-Mora, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of July 1, 1960, and July 9, 1960, respectively.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

WINSTON LLOYD McKAY

The Senate proceeded to consider the bill (H.R. 5213) for the relief of Winston Lloyd McKay which had been reported from the Committee on the Judiciary, with an amendment to strike out all after then enacting clause and insert:

That, for the purposes of the Immigration and Nationality Act, Winston Lloyd McKay shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

MRS. MARGARETA L. AGULLANA

The Senate proceeded to consider the bill (S. 2166) for the relief of Mrs. Margareta L. Agullana, which had been reported from the Committee on the Judiciary, with amendments, on page 1, line 4, after the word "Mrs." to strike out "Margareta", and insert "Margarita", and at the beginning of line 8 to strike out "Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available"; so as to make the bill read:

S. 2166

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Mrs. Margarita L. Agullana shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Mrs. Margarita L. Agullana."

LOURDES S. (DELOTAVO) MATZKE

The Senate proceeded to consider the bill (H.R. 3078) for the relief of Lourdes S. (Delotavo) Matzke which had been reported from the Committee on the Judiciary, with an amendment, at the top of page 2, to insert the following new section:

SEC. 2. In the administration of the Immigration and Nationality Act, Yusef Ali Chouman may be classified as a child within the meaning of section 101(b)(1)(F) of the said Act, upon approval of a petition filed in his behalf by Mr. and Mrs. Mohamad Schuman, citizens of the United States, pursuant to section 204 of the said Act.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An Act for the relief of Lourdes S. (Delotavo) Matzke and Yusef Ali Chouman."

HOUSING AND URBAN DEVELOPMENT ACT OF 1966

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1420, S. 3711.

The PRESIDING OFFICER. The bill will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. A bill (S. 3711) to amend and extend laws relating to housing and urban development.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. SIMPSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, the Senate is now ready to consider S. 3711, which is entitled "Housing and Urban Development Act of 1966."

We had this bill before our committee. As a matter of fact, may I say that we had about 50 different bills and studied them all in one, and we then wrote the amendments into one bill. We had extensive hearings and had executive sessions until we were able to work the various bills into one complete bill.

This bill would establish some new programs and would make certain amendments to, or changes in, existing programs. I shall discuss the bill briefly.

Title I amends the National Housing Act to give FHA broader authority to insure mortgages for seasonal homes, makes changes in the FHA cooperative housing program, and perfects changes in other FHA programs.

Title II amends the National Housing Act to authorize FHA to insure loans for the construction and equipment of buildings to be used as group medical practice facilities. These loans would be limited to 90 percent of value with no mortgage to exceed $5 million. Maximum interest would be 6 percent and maximum maturity would be 25 years.

Title III contains a uniform standard which would eliminate the increasing number of special urban renewal bills to allow grant-in-aid credits over and above what is allowed under existing law. A 25-percent credit (in lieu of full credit and the right to carry over unused credit) would be allowed for public facilities constructed in, or in the immediate vicinity of, the urban renewal area, if they contribute materially to the objectives of the renewal plan and are used by the public predominantly for cultural, exhibition, or civic purposes.

A new use of air rights provided in urban renewal areas would be authorized by this title for industrial purposes, if the area is found by the local public agency to be unsuitable for use for low- or moderate-income housing.

Title IV contains both an enlargement of the use of the present urban renewal program for preservation of historic structures and sites and authorization of grants for such preservation under the present open space and urban beautification, and urban planning provisions of law, which would be broadened to contain historic preservation in both name and scope.

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Title V contains many miscellaneous provisions. These include a $10 million loan and grant program for housing—with cost not to exceed $7,500 per dwelling—for Alaskan natives and low-income residents, a provision for more research authority for applying advances in technology to housing and urban development, a mandate to the Secretary of Defense to acquire certain properties adversely affected by base closings, and a provision to make eligible for college housing loans State authorities established for the purpose of providing housing for students or faculties in private educational institutions.

Title V also contains a number of miscellaneous and technical amendments as well as authorizations for the Federal Home Loan Bank Board to construct a new headquarters building and to have discretionary authority to approve mergers and other acquisitions of savings and loan associations by savings and loan holding companies and affiliates where needed to prevent defaults. Included also is a clarification of the public housing "flexible formula" and abolition of the maximum limit on the term of a lease of private housing for use as public housing.

Mr. President, I could go on in great detail, but I believe that explanation outlines the bill.

There are two provisions in the bill that I wish to emphasize particularly. One is the provision that we are trying to have written into law, and we promised last year that we would do it, a provision for a uniform method of giving credits to cities and communities engaged in urban renewal where there are improvements that are of benefit to the whole city and therefore not eligible for a credit in lieu of cash toward the cities' projects.

Last year we had a flood of individual bills. We took those bills and we had quite a hassle with the House conferees. Finally, the only way we could work it out was by taking all of them. We announced then that we would not consider any unless it was reduced to writing and introduced as an amendment before our committee at the time of considering the bill.

This year we worked out a provision that is somewhat in accord with the feeling of the Department—but not entirely—in which we decided we would have as a general principle that if these buildings or improvements were made within or near the urban renewal area, 25 percent could be allowed.

The House did not follow that procedure, I regret to say, they have individual bills. We did not provide for the individual bills when we brought out the complete bill, but an amendment will be introduced to incorporate in this bill every one of the individual bills we had before us in the committee.

I wish to make clear that we do not want to duplicate because we will be going to a conference with the 25-percent credit offer that we have written into the general law, and if the amendment is adopted we will also have our individual projects.

It will be my purpose, and I have discussed the matter with the Senator from Texas [Mr. TOWER] and he has agreed to it, that at the bargaining table we will do our best to get our general legislation, but if we are not able to do it at least we will have our individual projects to fall back on, as the House did last year. Last year the House was adamant on individual projects.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. ROBERTSON. If we do not include individual projects in the bill we could wind up with nothing except the House projects.

Mr. SPARKMAN. The Senator is correct. I hope the amendment will be adopted.

(At this point, Mr. LAUSCHE assumed the chair.)

Mr. TOWER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. TOWER. Last year on this program the House had acted. We received and accepted a number of projects from the floor relative to these special projects.

Mr. SPARKMAN. The Senator is correct, but we said at that time that we would not repeat it this year.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. CARLSON. I appreciate the statement that the Senator from Alabama [Mr. SPARKMAN] made, which was concurred in by the Senator from Texas [Mr. TOWER], in regard to the individual projects. I understand their views, but I hope that they will be charitable and let some of us, who feel that we should, include cities interested in the urban renewal.

At the proper time I hope that the chairman will give me an opportunity to introduce amendments.

Mr. SPARKMAN. I believe the Senator had an amendment before us in committee.

Mr. CARLSON. I did.

Mr. SPARKMAN. It is included in the amendment.

Mr. CARLSON. I wish to ask this question. I will not offer it today. I did submit bills to the committee. There was S. 3399, which is Olathe, Kans., and S. 3667 is Wichita, Kans. I beg the Senator's pardon. S. 3666 is Kansas City and S. 3667 is Wichita, Kans. I have an amendment prepared jointly with my colleague [Mr. PEARSON].

If they are going to be included when the matter goes to conference, I will not offer it.

Mr. SPARKMAN. We will check to see if they are here.

Mr. CARLSON. Otherwise, I would like to offer an amendment. I know that I had these bills pending.

Mr. SPARKMAN. Olathe is in the House bill. Therefore, the Senator does not need it. It will be in conference.

Mr. CARLSON. With that understanding, I withdraw it.

Mr. SPARKMAN. Wichita and Kansas City are in our amendment.

Mr. CARLSON. I deeply appreciate it. I know that my colleague from Kansas [Mr. PEARSON] and I both appreciate it and our people appreciate it.

Mr. PEARSON. Mr. President, I want to thank the distinguished Senator from Alabama and manager of the bill in indicating that the bills heretofore introduced in regard to the cities of Wichita and Kansas City have not been submitted in accordance with your new practice and procedures but will now be a part of the bill and will be taken to conference.

I also want to say to the distinguished Senator from Alabama that I am pleased to have today joined with my senior colleague, Senator CARLSON, in this effort, which will not now be necessary.

But, with the Senate's indulgence, let me state that I feel strongly that the two cities involved need special legislation to aid them in their urban renewal projects. The bills before the committee would provide some relief for those cities

with public facilities intended for public or municipal purposes.

In the case of Kansas City, Kans., my senior colleague, Mr. CARLSON, and I are seeking that an expenditure made for a recently constructed board of education library building and a board of public utilities building be counted as noncash grants in aid toward the overall urban renewal project.

In Wichita, the situation was somewhat different. For several years the city, under an urban renewal project, has been planning and clearing land to construct a new civic and cultural center in the downtown section of this great city. Again the bills introduced and the amendment we had prepared today would provide the city of Wichita with the privilege of counting expenditures which will ultimately amount to some $15 million as noncash grants in aid toward the Wichita urban renewal project.

Let me finally say to the distinguished Senator that I want to make note that these cities should be commended for their efforts toward orderly expansion of their public facilities and I think the aid which would be provided by the bill submitted to the committee and the amendment which we now withhold will be of substantial benefit and that I express along with my senior colleague the gratitude of each of these cities and their citizens.

Mr. PELL. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Rhode Island.

Mr. PELL. Mr. President, my understanding is that in the House bill there is a provision for the Slater project in Pawtucket, R.I. Is that correct?

Mr. SPARKMAN. The Senator is correct.

Mr. PELL. In view of our understanding, I will withhold offering the amendment in the Senate, but I plead with the Senator from Alabama to suffer defeat in accepting this amendment.

(At this point, Mr. BIBLE assumed the chair.)

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MONRONEY. Mr. President, I introduced, with my colleague, the Senator from Oklahoma [Mr. HARRIS], two amendments to provide for credit allowances for construction projects to benefit urban redevelopment in Oklahoma City and Tulsa, Okla. I would like to inquire if both of these cities are eligible under the individual alinement?

Mr. SPARKMAN. Both of those cities are in our amendment. No, I am sorry. Oklahoma City is in the House bill. Tulsa is in our bill. Under our arrangement, the whole matter will be in conference.

Mr. MONRONEY. So that being in the House bill it was filed with and considered by the Senate?

Mr. SPARKMAN. Filed with the Senate and I will say that had we been operating as we did last year, we would have included it.

Mr. MONRONEY. But Tulsa is in the Senate bill?

Mr. SPARKMAN. The Senator is correct.

Mr. MONRONEY. Therefore, this is in addition to the qualifications that may be laid down as general law?

Mr. SPARKMAN. The Senator is correct.

Mr. MONRONEY. So that if we started prior to 3 years ago it would still be eligible?

Mr. SPARKMAN. The Senator is correct.

Mr. MONRONEY. I thank the Senator, as do the citizens of those two communities, for the provisions to take care of them.

Mr. SPARKMAN. The two Senators from Oklahoma were quite alert and have done a good job.

Mr. HARRIS. I want to thank the distinguished Senator from Alabama for his kind remarks, and of course I join the position of my senior colleague [Mr. MONRONEY].

Mr. LAUSCHE. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. LAUSCHE. The provisions under title III, about which discussion has just been made, is that a new program?

Mr. SPARKMAN. No. Heretofore, it has been handled by special bills, as I explained a few minutes ago. We were overwhelmed by their being offered on the Senate floor last year. When we came out of conference last year, we announced in reporting on the conference to the Senate that we would not consider any special project unless an amendment covering it had been introduced and was before our committee during the time we were considering the legislation. This year, a number of bills were introduced, but, as I explained a few minutes ago, we worked out this general legislation that we believe will be suitable. The House has not. It has special projects in it over there. So we are proposing to reinstate the special projects on this side, in order to take them to conference and have them to bargain with, so that if we should lose out on our general provisions, we would still have the projects.

Mr. LAUSCHE. Under title III, the improvements which are covered, or the ones which predominantly deal with cultural exhibitions and civic purposes, does that mean predominantly for auditoriums?

Mr. SPARKMAN. Auditoriums, civic centers, coliseums, libraries, places where people gather, but for service to the whole community.

Mr. LAUSCHE. Under the general housing and urban development program, except for the adoption of special bills to construct edifices of the type just identified, no provision was made in the general program?

Mr. SPARKMAN. That is correct, but we have been putting them in, as merited, from year to year.

Mr. LAUSCHE. What will happen now to those States that have had authorizations given them for the provision of Federal money to construct auditoriums and other structures and civic centers? I am speaking now of Alaska, and San Antonio, Tex.—there may be one or two others. What happens to them?

Mr. SPARKMAN. These funds are not funds made available for the construction of these projects, but if the city or community itself has constructed such a project within or near the urban renewal area, and it is one that will fit in with the planned purpose of the urban renewal program, then credit may be given for that as against the city's contribution to the whole program.

Mr. LAUSCHE. To the whole program?

Mr. SPARKMAN. Yes.

Mr. LAUSCHE. How much credit is given to the States' obligations? Is it 25 percent?

Mr. SPARKMAN. We propose 25 percent.

Mr. LAUSCHE. As to the city of Dayton. If it decided to build a structure, coming within the language of the bill, which would cost $100,000, and the city of Dayton has an obligation of $25,000 as its part of urban development, it would get a credit of $25,000 and amortize the $75,000 obligation?

Mr. SPARKMAN. That is right. If Dayton had another urban renewal project, it could carry over anything not used in its 25 percent.

Mr. LAUSCHE. It would be carried over, yes. I see.

Is it fair to state that under the urban renewal program, except for instances where special bills were passed, there is no authority to spend money in the manner that title III now contemplates spending?

Mr. SPARKMAN. That is correct, but we did, as a matter of practice, every year, have bills which were meritorious.

Mr. LAUSCHE. I did not know that they were every year, because I discovered them about 6 months ago. I was astonished to find that Tennessee, I think, had three buildings under the special program, and that other States also had them.

Mr. SPARKMAN. Let me say that last year was really our first big year. We had been putting in one, two, or three, prior to last year.

Mr. LAUSCHE. Then it was learned, and everyone came in, as they are coming in today.

Mr. SPARKMAN. Apparently so. That is the reason we are trying to write a general law.

Mr. LAUSCHE. I want again to refer to Dayton, which I believe is in the House bill.

Mr. SPARKMAN. Is Dayton covered in the House bill?

Mr. LAUSCHE. That is what I want to find out. The Sinclair Community College would be built within urban renewal projects. Then there is the Montgomery County Court jail building. Is that in? It is in the House bill. What does that mean then?

Mr. SPARKMAN. That means that we do not want to put it in here because if we put it in, we would lock it in and it would interfere with our chances of getting our general legislation.

Mr. LAUSCHE. I see.

Mr. SPARKMAN. But it will be eligible for a conference agreement, in the event that the general legislation is not agreed to.

Mr. ROBERTSON. Mr. President, if I may interject here, they get in one way or another, either under the general bill, if they are now in the provisions, or if they are enumerated, and then we would put ours in and they would put theirs in, and we would agree on that.

Mr. SPARKMAN. Right.

Mr. LAUSCHE. But the language talks about cultural structures and Dayton wants to build a jail.

Mr. SPARKMAN. I do not believe that jails count. Naturally, we are not trying to attract people to jails.

Mr. LAUSCHE. Of course, but sometimes some people have to be accommodated there. What is the Senator's understanding of that?

Mr. SPARKMAN. A jail is not counted.

Mr. LAUSCHE. What about the Dayton Community College?

Mr. SPARKMAN. Oh, a college within itself would not be eligible. It might be that an individual building would be eligible if it qualifies as a community center or cultural center and which is used by the public other than the students.

Mr. LAUSCHE. Within the college, so as to permit cultural activities?

Mr. TOWER. Perhaps it might be a facility used by the college.

Mr. LAUSCHE. But not the entire plant?

Mr. TOWER. Not the entire plant.

Mr. MAGNUSON. Mr. President, will the Senator further yield?

Mr. SPARKMAN. I yield.

Mr. MAGNUSON. I have listened to the remarks of other Senators who are seeking to have their States come within section 813. Do I understand that the ones which are listed in the report——

Mr. SPARKMAN. They are the ones that appear in the House bill.

Mr. MAGNUSON. How many are in the Senate bill?

Mr. SPARKMAN. I cannot give the number at the moment; but those that were introduced as bills and were before us when the committee considered the bill are being included, or we hope to include them.

Mr. MAGNUSON. Suppose a municipality had an urban renewal project but did not apply to Congress for funds. Perhaps it did not even know about this proposal.

Mr. SPARKMAN. We gave notice a year ago that we would take special exceptions of this type unless the sponsor first introduced it in a bill.

Mr. MAGNUSON. To the cities themselves?

Mr. SPARKMAN. No; but notice was given on the Senate floor and appeared in the CONGRESSIONAL RECORD.

Mr. MAGNUSON. Some city officials do not read the CONGRESSIONAL RECORD.

Mr. SPARKMAN. Well, that is true, but as I stated a while ago the committee's proposed general legislation will take care of all cities in the Nation having projects of this type.

Mr. MAGNUSON. Suppose a city has an urban renewal project underway. I do not think Seattle has one, but I know that Tacoma has. Suppose through some inadvertence or lack of notice, or something like that, the city did not apply. Is it shut out now? If it is, I will apply on its behalf now for funds and supply the figures later.

Mr. SPARKMAN. When we go to conference, we will strongly advocate the general legislation, including the formula which we have devised in the Senate. If we are successful, it will not matter; Seattle or any other city which is eligible could then apply.

Mr. MAGNUSON. But if a city is eligible but is not on the list, it is "out."

Mr. SPARKMAN. The Senator can be certain that the cities are aware of what is taking place.

Mr. MAGNUSON. What would have been their reason for not applying if they knew about it?

Mr. SPARKMAN. Simply that they did not have projects which would qualify them to participate in the urban renewal plan. Perhaps within the last 3 years they had not built a civic center or a building of that type. It would have to be construction of that nature.

Mr. MAGNUSON. The urban renewal program of Tacoma includes the construction of buildings in certain areas, and the city is to furnish recreation and other facilities.

Mr. SPARKMAN. It would have to be a building to which people were attracted, and constructed in a way which would serve the whole city or the whole area.

Mr. MAGNUSON. What about a park?

Mr. SPARKMAN. A park would not be eligible.

Mr. MAGNUSON. Would a playing field?

Mr. SPARKMAN. No.

Mr. MAGNUSON. It must be a construction improvement?

Mr. SPARKMAN. A civic auditorium, for example.

Mr. MAGNUSON. But not a jail, as I understand.

Mr. SPARKMAN. No.

Mr. MAGNUSON. A library?

Mr. SPARKMAN. A library or something of that nature would be eligible.

Mr. MAGNUSON. So it is possible that a city actively engaged in urban renewal might not have any plans to construct a building which would be eligible under the bill?

Mr. SPARKMAN. That is correct.

Mr. MAGNUSON. That might perhaps be the case with Tacoma.

Mr. SPARKMAN. That is true.

Mr. MAGNUSON. Perhaps I had better call the Tacoma officials before I vote for the bill.

Mr. KENNEDY of Massachusetts. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. KENNEDY of Massachusetts. In the course of its deliberations, the committee considered legislation which I had proposed, which affects the situation in Cambridge, Mass., where the Massachusetts Institute of Technology have established a fine cooperative relationship with the Cambridge urban renewal people.

Mr. SPARKMAN. Yes.

Mr. KENNEDY of Massachusetts. Yet, as I understand it, under section 112 of the statute, as construed by administrative regulations permits expenditures by colleges for land acquisition and preparation to be credited toward a community's share of the cost of an urban renewal project only if the expenditures relate to objectives of a community's urban renewal project and are spent on structures located within one-quarter of a mile of such project.

Mr. SPARKMAN. That is correct.

Mr. KENNEDY of Massachusetts. I know that in the Cambridge area, MIT has made substantial expenditures which are consistent with the purposes envisioned by section 112, but not eligible for credit as local grants-in-aid because these improvements extend beyond one-quarter of a mile. For that reason I introduced legislation to provide that the costs incurred by MIT in expansion would be credited toward Cambridge's urban renewal project. A number of such bills have been included in the House bill, as the Senator has indicated. I know that they will stand on their merits. Yet I understand it is the feeling of the Senator from Alabama that it would be a disadvantage to include these bills as well in the Senate bill to take to conference.

Mr. SPARKMAN. That is correct. If they are in the House bill, but not in the Senate version, they still would be locked in.

Mr. KENNEDY of Massachusetts. The distinguished chairman of the committee realizes that there is great merit to the proposals which have been made.

Mr. SPARKMAN. That is correct, and we do not want to affect them in the event our formula is not adopted.

I may add that the Senator from Massachusetts has been diligent in presenting the case to which he has referred. It was before us.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Ohio, but first let me say that I must leave the floor in a few moments, and the Senator from Maine [Mr. MUSKIE] will take over management of the bill.

Mr. LAUSCHE. Under the special bills, one was submitted dealing with a project in Cincinnati. Will it be put in the general bill?

Mr. SPARKMAN. It is in the amendment. Of course, it will be covered in the general bill.

Mr. LAUSCHE. In the report it is stated:

> While the legislative language is quite broad, the committee wishes to make clear that it had very specific types of facilities in mind. It intends this provision to apply to public auditoriums, concert halls, theaters, central libraries, museums, exhibition halls, art galleries, band shells, settings for historical sites, meeting halls and similar facilities for general use. It does not intend this provision to apply to facilities associated with normal governmental functions, such as city halls, municipal office buildings or courthouses, nor should it be applicable to facilities provided principally for athletic or recreational purposes, such as stadiums, gymnasiums, or skating rinks.

Obviously the committee intended to keep the language interpreted in a man-

ner so as to carry into effect generally the objective of developing cultural centers. Is that correct?

Mr. SPARKMAN. That is correct.

Mr. LAUSCHE. And it is not intended to apply to the building of normal governmental structures required.

Mr. SPARKMAN. That is correct.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. ROBERTSON. As the Senator knows, the Senator from Alabama and the Senator from Virginia have discussed this matter for many months.

Mr. SPARKMAN. For a long time.

Mr. ROBERTSON. The Senator from Virginia introduced some private bills, and the Senator from Alabama introduced private bills. The Senator from Alabama then introduced a general bill. We decided we needed a bill. The Senator from Virginia then introduced a bill, and it came out of the committee in the language contained in the committee bill. It is more restrictive than the bill introduced by the Senator from Virginia, and it cuts it down to 25 percent.

Special projects were included in the House bill. If they turned down our general bill, we would be left with nothing. So the Senator from Alabama and I jointly have prepared an amendment putting in, on our side, all the projects that are not specifically included in the House bill, and then we will go to conference with them. The Senator from Alabama will be chairman of the conference, and he will insist on our bill. We will have trading room. It may be that we will take their versions and they will take ours.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. PASTORE. I notice that an item for Rhode Island was in the House bill, and it was knocked out of the Senate bill. Does that mean it may be knocked out?

Mr. ROBERTSON. Oh, no. Everything in the House bill will be in conference.

Mr. SPARKMAN. I made a statement on that while the Senator from Rhode Island was not present.

Mr. PASTORE. I was in the markup of the defense appropriation bill.

Mr. SPARKMAN. We agreed we would not duplicate. In other words, the provision in the House bill will stay in and the items that were not included in the House bill that we want in the Senate bill will be included in the Senate bill. Then in conference they all will be in the bills for consideration.

Mr. PASTORE. In other words, Pawtucket will be considered.

Mr. SPARKMAN. Pawtucket is before us, and if the general law is adopted, all cities coming within the general law will be considered.

Mr. PASTORE. All I want to say is, please do not forget Pawtucket.

Mr. SPARKMAN. Mr. President, I shall have to leave. The Senator from Maine [Mr. MUSKIE] will take over management of the bill.

Mr. ROBERTSON. The Senator was about to offer an amendment.

Mr. SPARKMAN. Yes.

Mr. TOWER. Mr. President, if the Senator will yield, may I say to the Senator from Rhode Island that Pawtucket was discussed at greater length than almost any place else, so that name was before us in committee.

Mr. SPARKMAN. Of course, part of that was created by the problem of the derivation of the name.

Mr. PASTORE. I say to the distinguished Senator from Texas that his enunciation of the name is just perfect. Pawtucket is right.

Mr. SPARKMAN. Mr. President, I must leave, and the Senator from Maine [Mr. MUSKIE] has kindly agreed to take over the management of the bill. He will answer all questions.

Before leaving, I wish to mention one further thing. A year ago, we adopted a provision that was sponsored jointly by the Senator from Texas [Mr. TOWER] and myself, relating to the housing problems in areas surrounding closed bases. The Defense Department has never implemented it. They did come before us with some suggested changes. We did not adopt all of their changes. We did put in a provision saying that it should be implemented, and we also put in a provision to catch up with these bases that have been closing in the last 12 months, which have resulted in some foreclosures. In all fairness, I believe that in looking at the problem, the Defense Department has overestimated what the bill would be.

In my State, Brookley Field was closed, and several thousand employees were thrown out or compelled to transfer to California. They had to move off and leave their homes. Property values went down, and we set a formula which we thought was a very reasonable formula, so that the Defense Department would be able to absorb a part of that shock. It has not been implemented. I earnestly hope that we can get something through this time that will bring about relief for these homeowners who have had to vacate, sell, or forfeit their houses.

Mr. President, I send to the desk the amendment of the Senator from Virginia [Mr. ROBERTSON].

Mr. ROBERTSON. Do I understand that the Senator from Texas is a cosponsor of that amendment?

Mr. SPARKMAN. And the Senator from Texas [Mr. TOWER]. It has been fully explained. I ask unanimous consent that the reading be dispensed with, and ask for a vote.

The PRESIDING OFFICER. (Mr. LAUSCHE in the chair). Without objection, it is so ordered.

The amendment is as follows:

On page 19, strike out lines 18 through 24 and insert in lieu thereof the following:

"SPECIFIC URBAN RENEWAL PROJECTS

"SEC. 303. (a) Notwithstanding the date of commencement of construction of the Florence Primary School in Garden City, Michigan, local expenditures made in connection with such school shall, to the extent otherwise eligible, be counted as a local grant-in-aid for the Cherry Hill urban renewal project (Mich. R-46).

"(b) Nothwithstanding the date of the commencement of construction of the East Main Street water, sewer, and street improvements in Senatobia, Mississippi, local expenditures made in connection with such improvements shall, to the extent otherwise eligible, be counted as a local grant-in-aid to the east Senatobia urban renewal project (Mississippi R-15) in accordance with the provisions of title I of the Housing Act of 1949.

"(c) Notwithstanding the extent to which the civic center, located within or adjacent to the urban renewal project for the city of Roanoke, Virginia (UR-VA-7), may benefit areas other than the urban renewal area, expenses incurred by the city of Roanoke in constructing such center shall, to the extent otherwise eligible, be counted as grants-in-aid toward such project.

"(d) Notwithstanding any other provision of law, civic center (cultural) proposed to be built within urban renewal project Ala. R-32, in Huntsville, Alabama, may benefit areas other than the urban renewal area, expenses incurred by the city of Huntsville constructing such center shall, to the extent otherwise eligible, be counted as a grant-in-aid toward Federal assisted urban renewal projects in Huntsville.

"(e) Notwithstanding the extent to which the civic center proposed to be built within urban renewal project R-78 in Birmingham, Alabama, may benefit areas other than the urban renewal areas, expenses incurred by Birmingham-Jefferson Civic Center Authority in constructing such center shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project.

"(f) Notwithstanding the extent to which the cultural and convention center, recently completed within urban renewal project Ala. R-33 in Mobile, Alabama, may benefit areas other than the urban renewal area, and notwithstanding the date of the commencement of construction of the addition to the Albert F. Owens School and the start of construction of new streets in the urban renewal projects Ala. R-33, R-34, and R-38 in the city of Mobile, Alabama, local expenditures made in connection with these capital improvements shall, to the extent otherwise eligible, be counted as local grant-in-aid toward such projects.

"(g) Notwithstanding the extent to which the civic center proposed to be built within urban renewal project R-71 in Ozark, Alabama, may benefit areas other than the urban renewal area, expenses incurred by the city of Ozark in constructing such center shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project.

"(h) Notwithstanding the extent to which the convention center being built in the Queensgate III urban renewal project (R-82) in Cincinnati, Ohio, may benefit areas other than the urban renewal area, expenses incurred by the city of Cincinnati in constructing such center shall, to the extent otherwise eligible, be counted as a local grant-in-aid toward such project.

"(i) Expenditures incurred by the city of Richmond, Virginia, in connection with the proposed coliseum project in downtown Richmond, to the extent such expenditures would be eligible under the provisions of section 110(d) of the Housing Act of 1949 to be counted as non-cash grants-in-aid toward such project if it received Federal assistance as an urban renewal project pursuant to the provisions of title I of such Act, shall be eligible to be counted as local grants-in-aid toward urban renewal project (Virginia R-15) in Richmond or any other federally assisted urban renewal project hereafter undertaken in downtown Richmond, notwithstanding the extent to which such coliseum may benefit areas other than the area included in any such project.

"(j) Notwithstanding the extent to which the convention center proposed to be built adjacent to urban renewal project R-14 in Decatur, Alabama, may benefit areas other

than the urban renewal area, expenses incurred by the city of Decatur in constructing such center shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project.

"(k) Notwithstanding the extent to which (1) the proposed city hall in the city of Hampton, Virginia, and (2) the proposed development of public facilities by such city on a one hundred and ten acre tract fronting on Chesapeake Bay, may benefit areas other than the urban renewal areas hereinafter designated, expenditures incurred by the city of Hampton in constructing such city hall and in developing such facilities shall, if otherwise eligible, be allowed as local grants-in-aid for any of the following urban renewal projects in such city: Virginia R–30, Virginia R–34, and Virginia R–41.

"(l) Notwithstanding the extent to which Prescott Park, situated adjacent to urban renewal project New Hampshire R–1 (Marcy-Washington Streets), in Portsmouth, New Hampshire, may benefit areas other than the urban renewal area, expenses incurred after January 1, 1954, by the city of Portsmouth in developing and improving such park shall, to the extent otherwise eligible, be counted as local grants-in-aid for such project.

"(m) (1) Notwithstanding the date of the commencement of construction of, or the extent to which the cultural and civic center complex (including the assembly center, library, courthouse, the existing and proposed public off-street parking facility, parks and plazas, municipal theater, and other public buildings or facilities to be constructed on the civic center site), located within the outer boundaries of urban renewal project Oklahoma R–7 (downtown northwest) in Tulsa, Oklahoma, may benefit areas other than the urban renewal area, expenses incurred by the city of Tulsa and other public bodies in connection with the acquisition, development, and construction of the civic center complex shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project.

"(2) Notwithstanding the date of the commencement of construction of, or the extent to which the Woods Elementary School, adjacent to urban renewal project Oklahoma R–3 (Seminole Hills) in Tulsa, Oklahoma, may benefit areas other than the urban renewal area, expenses incurred by the city of Tulsa and other public bodies in connection with the acquisition, development, and construction of such school shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project.

"(n) Notwithstanding the extent to which the Huntsville Municipal Library built within urban renewal project Ala. R–32 in Huntsville, Alabama, may benefit areas other than the urban renewal area, local expenditures incurred by the city of Huntsville in developing such library shall, to the extent otherwise eligible, be counted as a local grant-in-aid toward federally assisted urban renewal projects in Huntsville, Alabama.

"(o) (1) Notwithstanding any other provision of law, moneys heretofore expended by the University of Alabama, other than grants by the United States, for the purchase of land and buildings within the area of the outer boundary of the proposed medical center expansion project (Ala. R–70), or for the construction or rehabilitation of buildings or other facilities within such area for the use of the University of Alabama, or any school, hospital, health facility, or service incidental to the operation within such area of such school, hospital, or health facility, and moneys hereafter expended by the University of Alabama, other than grants by the United States, for any such purpose prior to the final Federal capital grant payment for the proposed medical center expansion project (Ala. R–70), shall be counted as a local noncash grant-in-aid to the proposed medical center expansion project (Ala. R–70) in accordance with the provisions of title I of the Housing Act of 1949.

"(2) Notwithstanding any other provision of law, moneys, other than grants by the United States, heretofore expended by the University of Alabama, or by any institution devoted to the treatment of physical or mental disabilities or illness or to medical research, for the construction of any building or other improvement used or useful in the operations of such institution within the area known as Alabama urban renewal project (Ala. 2–1), or within one-half mile thereof, shall be counted as a local noncash grant-in-aid to the proposed medical center expansion project (Ala. R–70) in accordance with the provisions of title I of the Housing Act of 1949, and all such expenditures within the area of Alabama urban renewal project (Ala. 2–1) made prior to the final Federal capital grant payment for the proposed medical center expansion project (Ala. R–70) shall be counted as a local noncash grant-in-aid to the proposed medical center expansion project (Ala. R–70).

"(p) Notwithstanding the extent to which the civic center-coliseum proposed to be built within urban renewal project R–72 in Hartford, Connecticut, may benefit areas other than the urban renewal area, expenses incurred by the city of Hartford in constructing such center shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project.

"(q) Notwithstanding any other provisions of law, moneys expended by Vanderbilt University, George Peabody College for Teachers, and Scarritt College for the purchase of land and buildings and for the demolition of buildings and clearing of such land and buildings on and after April 10, 1957, to the extent otherwise eligible shall be counted as local grants-in-aid to the proposed university urban renewal project (Tenn. R–51) in accordance with the provisions of title I of the Housing Act of 1949, as amended.

"(r) Notwithstanding the extent to which the proposed new civic center in Portsmouth, Virginia, including phase one and phase two thereof, may benefit areas other than the proposed Crawford urban renewal project area within which it is located, expenditures incurred by the city of Portsmouth in constructing said civic center shall, if otherwise eligible, be allowed as local grants-in-aid for the proposed Crawford urban renewal project.

"(s) Notwithstanding the extent to which the library building and board of public utilities building of the city of Kansas City, Kansas, may benefit other areas other than the urban renewal area, expenses incurred by the city of Kansas City, Kansas, in constructing such projects shall, to the extent otherwise eligible, be counted as local grants-in-aid toward the Kansas City, Kansas, urban renewal project (Kansas R–28), in accordance with the provisions of title I of the Housing Act of 1949.

"(t) Notwithstanding the extent to which the civic cultural center now under construction within urban renewal project (Kansas R–19), in Wichita, Kansas, may benefit areas other than the urban renewal area, expenses incurred by the city of Wichita, Kansas, in constructing such civic cultural center shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project, in accordance with the provisions of title I of the Housing Act of 1949.

"(u) Expenditures incurred by the city of Kansas City, Missouri, or the county of Jackson County, Missouri, in connection with the proposed auditorium and exhibition hall project in downtown Kansas City, to the extent such expenditures would be eligible under the provisions of section 110(d) of the Housing Act of 1949 to be counted as noncash grants-in-aid toward such project if it received Federal assistance as an urban renewal project pursuant to the provisions of title I of such Act, shall be eligible to be counted as local grants-in-aid toward urban renewal project (Missouri R–8) in Kansas City or any other federally assisted urban renewal project hereafter undertaken in downtown Kansas City, notwithstanding the extent to which such auditorium and exhibition hall may benefit areas other than area included in any such project.

"(v) Notwithstanding the date of the commencement of construction of the Glenwood School, Fulton School and the Toledo Health and Retiree Center, Inc., in Toledo, Ohio, local expenditures may in connection with such facilities shall, to the extent otherwise eligible, be counted as local grants-in-aid for the Old West End Urban Renewal Project (Ohio R–115)."

Mr. FULBRIGHT. I want to get into the RECORD what the situation is. This general solution to the problem is not in the bill now?

Mr. SPARKMAN. It is in our bill.

Mr. FULBRIGHT. Then what is the nature of the amendment?

Mr. SPARKMAN. What we are offering are the specific projects that were before us.

Mr. FULBRIGHT. The specific ones?

Mr. SPARKMAN. Yes, to take them to conference, but not to duplicate anything in the House bill, so that we will be in a better bargaining position.

Mr. FULBRIGHT. Does that include the projects in Little Rock?

Mr. SPARKMAN. No, it does not include the ones in Little Rock, because we are not duplicating.

Mr. FULBRIGHT. What is the attitude of the Senate conferees?

Mr. SPARKMAN. We want to put through our general provision, whereby all cities would be given protection automatically, without having to come here with these individual bills.

Mr. ROBERTSON. That would take care of Little Rock.

Mr. STENNIS. Mr. President, a point of order.

Mr. FULBRIGHT. I ask unanimous consent to have printed in the RECORD at this point a letter addressed to the Senator from Alabama by me and my colleague, together with a letter from the housing authority of the city of Little Rock addressed to me, and a statement transmitted therewith.

There being no objection, the letters and statement were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON
GOVERNMENT OPERATIONS,
April 25, 1966.

Hon. JOHN SPARKMAN,
Chairman, Subcommittee on Housing,
Senate Banking and Currency Committee,
New Senate Office Building,
Washington, D.C.

DEAR MR. CHAIRMAN: One of the bills now being considered in your hearings on housing and urban renewal legislation is S. 2958, our bill to assist the city of Little Rock, Ark., achieve plans for renewal of its downtown area.

We believe that the public library, the Arkansas Arts Center, and the municipal police and courts building, constructed with local funds, should be allowable as local grants-in-aid for the central Little Rock urban renewal project. By using standards and criteria which are not appropriate for central city renewal projects, the Department

of Housing and Urban Development has been unwilling to give credit for these locally financed public works.

This subject is discussed more fully in the attached material forwarded by Mr. George Millar, Jr., executive director of the housing authority of the city of Little Rock. We endorse Mr. Millar's views and request that this letter and its attachments be inserted in the record of the current hearings.

We understand that the issue posed by S. 2958 was the subject of several provisions in last year's legislation, and that this issue may ultimately result in some general enactment to clearly recognize the need for separate treatment of downtown, or central city, urban renewal projects. In the meantime, however, we believe that S. 2958 should be enacted and we respectfully request that its provisions be included in this year's omnibus bill.

With best wishes, we are,

Sincerely yours,

JOHN L. MCCLELLAN.
J. W. FULBRIGHT.

HOUSING AUTHORITY OF THE
CITY OF LITTLE ROCK,
Little Rock, Ark., April 22, 1966.

Re Senate bill 2958; a bill to make certain expenditures made by the city of Little Rock, Ark., eligible as local grants-in-aid for purposes of title I of the Housing Act of 1949.

Senator J. WILLIAM FULBRIGHT,
U.S. Senate,
Washington, D.C.

DEAR SENATOR FULBRIGHT: Your office has furnished us a copy of the administration's recommendations, prepared by Secretary Robert Weaver, concerning the above referenced bill. The administration's recommendations, as you are aware, are adverse. We feel that additional comments and substantiation of our position are in order. We do not feel that the Secretary has given consideration to the bill on its merits but addresses himself only to existing regulations promulgated from present housing legislation.

It is our opinion that the public library the Arkansas Art Center, and the municipal police and courts building, should be allowable grants-in-aid credit toward the central Little Rock, Ark., R–12, urban renewal project. For the record, we would like to present the following statements.

It has been clearly evidenced in Little Rock and in other cities that public initiative through the provision of public facilities is necessary for and must often precede private investment. The city of Little Rock recognized this principle and accepted the obligation of leading the way in the rebuilding of the central core of Little Rock through planned public investment and supporting facilities. Even as the plan for the central Little Rock project was emerging, the city was engaged in making these necessary public investments to lead the way in downtown revitilization.

We agree that governmental and cultural facilities located in the central core are designed to serve the entire community rather than the limited area which makes up the downtown. Basic to our entire argument is the fact that the above statement is true because the very function of downtown is to serve the entire community. Thus, a central library, art center, or police and courts building, which in one way or another serves the entire community, are actually performing their proper roles in this particular area and should be considered a part of the local share of project costs.

Urban Renewal Administration regulations, as they have evolved (and, in fact, sec. 110 of the Housing Act of 1949 itself) have dealt primarily with noncash grants-in-aid credit related to residential neighborhoods. The renewal of a central core of a city cannot be compared in most respects to residential renewal. A fair appraisal of these types of public facilities would recognize them as eligible supporting facilities while at the same time adhering to the basic principle of urban renewal policy; that is, a project supporting facility must be a governmental facility which is necessary to support uses of land in the project area as established by the urban renewal plan.

This basic principle has already been established in practical application by the principle of allowing excess credits from one project to be used or pooled with the financing needs of another project. It then follows that the concept of limitation of grants-in-aid credit only to facilities serving people living in a given project area has already been expanded.

The city of Little Rock recognized this principle long ago through its adopted policy of public investment in the central core which obviously has had a major impact on the development and redevelopment of downtown Little Rock. The city has accepted its responsibility and done its part to make the central Little Rock project a success. Without these expenditures for governmental, cultural, and educational facilities, the project could not be carried to a successful conclusion. We feel that these facilities, judged on their merits and not in terms of existing administration regulations must be recognized if we are to assure the fruition of a successful Federal, local and private rebuilding of our American cities and particularly downtown Little Rock.

Our request for recognition of these facilities is not without precedence. Legislation passed by the Congress in 1965 did, in fact, grant credits to similar facilities in six other cities.

A complete statement further substantiating and concerning our position on these individual facilities is attached hereto. Your further support of ths bill on its merits, is respectfully requested.

Sincerely,

GEORGE MILLAR, JR.,
Executive Director.

STATEMENT CONCERNING PROVISION FOR LOCAL NONCASH GRANTS-IN-AID CREDITS, CENTRAL LITTLE ROCK URBAN RENEWAL PROJECT, LITTLE ROCK, ARK.

The central Little Rock urban renewal project, approved in July 1962, was the first in the Nation to include the entire central business district of a major city, was a challenge to use urban renewal as a basic tool in the revitalization of the downtown. The means of eliminating and rehabilitating gray areas in the central core is through the development and redevelopment of housing, commercial enterprises, and complementary public facilities. We may expect the opening of new investment opportunities in the gray areas on a scale otherwise impossible if we recognize the importance of not only housing and commercial development in the central core, but also necessary complementary public facilities. Public initiative through the provision of public facilities is necessary for and must precede private investment.

The city of Little Rock recognized this principal and accepted the obligation of leading the way in the rebuilding of the central core through planned public investments in supporting facilities. Even as the plan for the central Little Rock project was emerging, the city was engaged in making necessary public investments in the central core to lead the way in downtown revitalization. The planning and construction of these government and cultural facilities did, in fact, serve as a spark to bring about large-scale private development and redevelopment that is now taking place in accordance with the central Little Rock plan.

Governmental and cultural facilities located in the central core are designed to serve the entire community rather than the limited area which makes up the downtown. This is true because the very function of downtown is to serve the entire community. The shops, businesses, banking institutions, medical facilities, and service establishments, which are, in fact, the central business district, have gathered together to provide, at one point, a concentrated area of governmental business, social, and cultural facilities needed and desired by the entire community. Thus, a central library, arts center, or police and courts building which in one way or another serves the entire community, is actually performing its proper role in this particular area and should be considered a part of the local share of project costs.

The following is a list of facilities provided by the city of Little Rock as a part of their investment in downtown renewal:

1. *Police and courts building.*—Construction of the municipal police and courts building was completed in July 1960. It is a part of a related governmental complex that includes the city, county, and Federal Government centers and office buildings. It is the only police station in the city. Location of this facility was made in accordance with an established policy of the governing body of the city of Little Rock that major governmental facilities should be located in or near the central core to serve more adequately the public, to strengthen the economic base, to deter urban sprawl, and to arrest deterioration of the heart of the city.

This facility serves the central core through the interrelationships of police activities with the natural functions and physical environment of downtown. The majority of crimes and criminal investigation and crime prevention occur in the downtown area; the majority of uniformed and nonuniformed personnel are assigned duty in this area; the bulk of traffic and thus police-directed traffic control and enforcement is found in this project area; the vast majority of traffic fines and moving violations can be pinpointed to the central core; and the bulk of the city police and courts budget is allocated to the central Little Rock area project.

2. *Municipal library.*—A new municipal library building has been constructed in the project area. It provides convenient access for the research and technical staffs of the commercial, financial, governmental, and institutional establishments that are located in the central core. Just as important, it is well located with respect to the residential and school users who reside within and near the project area. One of the factors in choosing the library location was the elimination of a major blighted quarter block. The city could in fact have chosen to plan and construct several neighborhood branches throughout the city but in accordance with their adopted policy, they elected to build this single public facility as a part of the downtown rebuilding process. The library is a civic activity necessary to the social values inherent in the central business district and by its very nature increases use of other downtown facilities.

3. *The arts center.*—MacArthur Park, a central area facility serving both downtown and the residential area of the project, provides the site for the arts center. In accordance with adopted city policy the arts center was located in and near the central business district. This cultural center has three main types of use: (1) neighborhood use, (2) use by people drawn downtown for a variety of needs, and (3) institutional use by schools, throughout the area.

The fine arts center encompasses the former museum of fine arts with the addition of an auditorium, classrooms, studios, and enlarged exhibition space. The fine arts center serves an educational and civic function in the central business district that stimulates the downtown economy by bringing visitors

from all over Arkansas while at the same time providing for educational and cultural needs of the city itself. At the time that a location for the fine arts center was being considered, the director stated that the best location would be the "100 percent" commercial location in the city. Since that location was not financially feasible or available, MacArthur Park offered the opportunity to enhance the significance of the cultural center complex.

In addition to the above, the arts center serves as both a recreational and educational public facility specificially for the surrounding residential areas, particularly the two new large apartment complexes being built on the north and west of MacArthur Park and immediately adjacent to the facility itself.

Urban renewal administrative regulations, as they have evolved, have dealt primarily with noncash grants-in-aid credits related to residential neighborhoods. Cities, historically and in Arkansas constitutionally limited for funds, have many times used the noncash grants-in-aid credits to finance their one-third share of net project costs.

Certain procedures have been developed for judging the usefulness to the renewal effort of a public facility. One of these techniques has required that the number of persons from a project area using the facility be compared with the design capacity of the facility to determine the percentage of credit.

Facilities of the type described above, which serve generally the whole community and confer no special benefit to a specific residential project, have not been included as supporting facilities. This "population served" method of determining service of a facility to a project has been an equitable technique for residential projects.

The renewal of a central core of a city cannot be compared in most respects to residential renewal. A fair appraisal of these types of public facilities would recognize them as eligible supporting facilities while at the same time adhering to the basic principle of urban renewal policy; that is, a project supporting facility must be a governmental facility which is necessary to support use of land in the project area as established by the urban renewal plan.

There are in fact no geographical boundaries in practical application. For example, grants-in-aid beyond the financing needs of a specific project may be pooled. This offers the possibility that a facility located in any one project area may be recognized for credit use for the entire urban renewal effort of the whole community through the principal of grant-in-aid pooling. It follows then that limitations of grant-in-aid credits only to facilities serving people living in a given project area have already been expanded.

It was logical because of the limited concept in the beginning of the program that grants-in-aid eligibility criteria reflected an essentially residential character, local in nature and limited in service. More recently, legislative changes have made possible projects of a predominantly nonresidential character. This nonresidential concept has been enlarged consistently through several acts of Congress. Under these newer provisions, nonresidential projects will include proposals and supporting facilities whose services will not necessarily be limited to residential uses. The very nature of nonresidential projects makes necessary provision of supporting facilities that serve nonresidential uses—often the entire community as in the case of the facilities outlined above. Therefore, it becomes essential that these nonresidential projects include supporting facilities not limited by concept of service to project residents alone. Even though the urban renewal law has been changed over a period of years to allow for nonresidential exceptions, administrative procedures have not been changed to recognize the eligibility of certain public facilities supporting nonresidential project areas, and specifically in central business districts.

The central Little Rock project may serve as a guidepost for the rejuvenation of downtown America. Within the framework of our present techniques of urban renewal and within the scope of the urban renewal program, the central Little Rock plan provides a unique opportunity to refine, expand, and develop a recognition of those specialized facilities necessary to serve nonresidential uses.

The resident population of the central business district is only a small part of the total daily population of persons using this area of highest concentration. Sidewalk interviews, pedestrian counts and traffic surveys reveal that central Little Rock serves the total city population which is in fact greater than that of the city itself. The function of the central business district is to provide a centralized location serving the entire community in which its residents live, work, do business, and seek recreation. It follows naturally, therefore, that public facilities located in the project area are designed to serve the same population group using the central core and in so doing the facilities serve the primary use and function of the area as supporting facilities.

The central business district determines and even dictates the basic characteristics of the physical environment and the economic base of the city. The benefits accrued from the project are conferred in equal degree on everyone who lives in the city, regardless of the place of residence.

The need of all of the city's citizens for a viable central core has been officially recognized by the Little Rock City Board of Directors, the governing body of the community, which has declared as a matter of municipal policy that a strong, rejuvenated downtown is essential to the prosperity and progress of the city. The construction of the new police and courts building, the central library, and the arts center are concrete examples of the city's execution of this policy.

These specialized and unduplicated facilities are located in the central business district both because their own functions demand a central position and because they are necessary to support other activities provided in the central area.

The ability of a limited area such as the central business district to serve an entire city is made possible by the interrelationships of activities that make the whole more effective than the sum of its parts. Many of these interrelationships depend on the presence of supporting facilities essential to the central business district. Central Little Rock has clearly defined functional districts such as a financial district, a wholesale distribution center, a governmental complex, and areas of cultural and recreational activity. In these districts like activities are grouped together geographically, and the various districts are located in relation to one another according to the degree that they serve related or similar functions. Any individual facility can affect the entire district. For example, Little Rock's municipal auditorium is the hub of a concentrated and clearly defined convention complex made up of public agencies and private firms dependent on convention business. The convention district affects and is affected by all of the functional districts, which depend on and attract convention business. Thus, the auditorium in its relationships and interrelationships provides drawing power and strengthens the hotels which in turn provides downtown population who become customers of retail and wholesale outlets, etc., in a never-ending chain.

One of the characteristics of these supporting facilities is their essential role to the proper function of the area of this urban renewal project. Accordingly, such facilities are fully justified as grants-in-aid. These basic factors establish the principle that allowance of grants-in-aid credit for a central business district project must be determined by the necessity that a facility be located in the central business district to serve the essential functions of the area. Necessity and benefit should be measured both in terms of the need of the central business district for the facility and the effect of the facility on the renewal of the central business district.

In summation, it again must be stressed that the city of Little Rock through its adopted policy of planned public investment in the central core of the city has had a major impact on the development and redevelopment of downtown. By providing such facilities as the police and courts building, the central library, and the arts center at a total expenditure of approximately $2,900,000, the city has accepted its responsibility and done its part to make the central Little Rock project a success.

Without these expenditures for governmental, cultural and educational facilities, the project could not be carried to a successful conclusion. Proper and appropriate noncash grants-in-aid credit for these city expenditures must be recognized to assure the financial success of this project.

Mr. STENNIS. Mr. President, if the Senator will yield to me, I should like to suggest, in view of the importance of this matter, we ought to have more formal debate, instead of just a few Senators standing around talking.

Mr. SPARKMAN. We have been debating it for about an hour.

Mr. STENNIS. Is this the amendment the Senator from Alabama said he would send to me when he got through with it?

Mr. SPARKMAN. Oh, no. This is not the one relating to the closing of bases at all.

Mr. STENNIS. The Senator was speaking about the closing of bases.

Mr. SPARKMAN. No; I was just saying I had to leave in a few minutes, and I wanted to mention it. This amendment covers these special problems of individual areas.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SPARKMAN. Mr. President, I appreciate the cooperation of my friend the Senator from Maine [Mr. MUSKIE], and I turn the management of the bill over to him.

Mr. CARLSON. Mr. President, earlier in the debate this afternoon, the distinguished chairman of the committee [Mr. SPARKMAN] mentioned that the urban renewal project of the city of Olathe, Kans., had been eliminated from the amendment just agreed to. I did not press the matter, because the Senator assured me the Olathe project was already in the House bill, and would go to conference.

However, I ask unanimous consent that I may have printed in the RECORD a letter from Mr. Jerry M. Abbott, executive director of the Urban Renewal Agency of Olathe, together with a statement of facts concerning the Olathe urban renewal project.

There being no objection, the letter and statement were ordered to be printed in the RECORD, as follows:

URBAN RENEWAL AGENCY OF OLATHE,
Olathe, Kans., May 20, 1966.

Hon. FRANK CARLSON,
U.S. Senator, Senate Office Building, Washington, D.C.

DEAR SIR: As you are probably aware the City of Olathe is planning a downtown urban renewal project, and at the present time we are seeking ways of financing our share of the cost.

We feel that we have complied with the intent of Congress in the 1965 Housing Act in that the City has in the past year voted over five million dollars in bonds for the improvement of our schools and water system. These projects are unfortunately outside our project area, and therefore not eligible as grants-in-aid under present regulations. We are therefore asking for special legislation from the Senate to permit a part of the expenditures made by the City to be counted as a grant-in-aid.

Special consideration was granted other cities in the 1965 Act, and it is our understanding that the City of Sheridan, Colorado is at the present time asking for special legislation. This legislation was introduced in the House by Congressman MCVICKERS of Colorado, and the bill was written for him by the Department of Housing and Urban Development.

We are attempting to have our plans completed by November, so passage in this session of Congress is important to us.

I am enclosing a fact sheet on our project here. Item two in the fact sheet is the improvement that we are asking to be counted as a hundred per cent grant-in-aid.

Our businessmen, civic leaders, and the community feel that Urban Renewal can assist in solving some of our downtown problems, and I feel sure they will appreciate anything you can do to assist us with this legislation.

Very truly yours,

JERRY M. ABBOTT,
Executive Director.

Enclosure.

FACTS CONCERNING THE OLATHE URBAN RENEWAL PROJECT, KANS. R–31, AND THE WATER WORKS IMPROVEMENT AND ESTIMATED PROJECT OF THE CITY OF OLATHE

I. Estimate of Federal and Local Grant Requirements.

Gross project cost	$4,274,887
Local disposition proceeds	300,000
Net project cost	3,974,887
Three-fourths net project cost	2,981,165
Relocation grant payment	155,200
Total Federal capital grant required	3,136,365
Total local funds required	993,722

II. Extension and improvement of the Water Work System of the City of Olathe.

This project consists of acquiring right-of-way and constructing a water pipeline at not less than 24 inches in diameter to the Kansas (Kaw) River, together with its treatment plant, improvement in the water distribution system and water tower, under the authority of Section 12–856 to 12–868, both inclusive of the 1961 Supplement to General Statutes of Kansas for 1949 and all amendments thereto, the total estimated cost of such project to be approximately $2,365,000. This cost was provided by issuances of water and sewage system revenue bonds, series 1964 in the principle sum of $815,000.00 and general obligation waterworks bonds in the sum of $1,550,000.00. Ordinance No. 1637–A and 1636–A provided for these bonds.

Construction started on April 5, 1964 and has not yet been completed. Total cash expenditures to date amount to $2,124,160.28.

Mr. TOWER. Mr. President, in all my experience on the housing subcommittee, I do not know of any bill that has evoked as little controversy as the measure we take up today. It was reported unanimously, and I hope we can deal with it with some speed and dispatch. From what I can determine, all amendments that will be proposed are largely of a noncontroversial nature as well; and I hope we will not detain the Senate very long.

It is my understanding that there probably will not be a request for a record vote on final passage. I do not know what the intentions of some Senators might be relative to proposed amendments.

Mr. President, I should like to address my remarks specifically on this measure to section 507 of the bill, which instructs the Secretary of Defense to acquire certain properties situated at or near military bases which have been ordered to be closed. This authority is contained in section 108 of the Housing and Urban Development Act of 1965 and it was intended to protect servicemen and other employees at military bases closed by order of the Department of Defense from suffering a loss in the value of their homes resulting from a base closing.

In enacting this provision, the Congress intended that the Department of Defense would take immediate action in setting up a program to acquire the properties. However, no property has been acquired under this authority and the Department of Defense has not asked for an appropriation to set up a program for such acquisition.

In order to be assured that the Department of Defense will not delay further in acquiring properties in appropriate cases, the committee has included in section 507 an amendment to section 108(a) which will change the provision authorizing the Department of Defense to acquire title to a requirement that the Department of Defense "shall, upon application and in accordance with the provisions of this section" acquire such title.

I recognize the present provision does not provide a complete program in that it contains no means for assisting a serviceman or employee who loses his property through foreclosure or who is forced to sell at a depressed price because of inability to maintain a home at the closed base as well as a home at the new place of employment. For this reason, a provision has been included in section 507 which would authorize the DOD to compensate a serviceman or employee for loss of his home either through a forced sale or by foreclosure.

Where there has been a forced sale, payment would be made on the basis of the difference between the fair market value of the property immediately prior to the announcement of the base closing and either the fair market value at the time of sale, or the sales price, whichever amount is greater. Reimbursement would be included for any reasonable expenses incurred in connection with the sale.

In the case where the property sold was covered by an FHA or VA mortgage, the homeowner would be required to establish, as a condition for receiving compensation, that the mortgage has either been fully paid or has been assumed by a purchaser satisfactory to the FHA or the VA. Where foreclosure has occurred, payment would be made on the basis of the difference between the fair market value immediately prior to the announcement and the fair market value at the time of foreclosure.

With the amendments to section 108 of the 1965 act contained in section 507, I believe the Department of Defense will have a complete program for assisting servicemen and employees who sustain losses as a result of the closing of a military base. I expect the Secretary of Defense to ask for an appropriation and to place the program in operation without any further delay.

Mr. KUCHEL. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 2, after line 22, insert a new section as follows:

"AREAS AFFECTED BY CIVIL DISORDERS

"SEC. 102. (a) Section 203 of the National Housing Act is amended by adding after subsection (l) (added by section 101 of this Act) a new subsection as follows:

"'(m) The Secretary is authorized to insure under this section any mortgage meeting the requirements of this section, other than the requirement in subsection (c) relating to economic soundness, if he determines that (1) the dwelling covered by the mortgage is situated in an area in which rioting or other civil disorders have occurred or are threatened, (2) as a result of such actual or threatened rioting or other disorders the property with respect to which the mortgage is executed cannot meet the normal requirements with respect to economic soundness, and (3) such property is an acceptable risk giving due consideration to the need for providing adequate housing for families of low and moderate income in such area.'

"(b) Section 305 of such Act is amended by adding at the end thereof a new subsection as follows:

"'(1) Notwithstanding any other provision of this Act, the Association is authorized to enter into advance commitment contracts and purchase transactions which do not exceed $200,000,000 outstanding at any one time, if such commitments or transactions relate to mortgages with respect to which the Secretary has made the determinations provided for in section 203 (m) of this Act.'"

Renumber succeeding sections in title I accordingly.

Mr. KUCHEL. Mr. President, in the beginning of June of this year, I addressed the Senate on the violence and civil disorders that could be expected across this country unless action was taken. Let me read from those remarks:

With the heat of another summer approaching and with it, the threat of greater racial violence in the streets of our cities,

action must be taken to prevent upheavals or to contain them, to resolve the problems which create racial tension, to further federal programs of economic rehabilitation, to do, in a word, all that may be done to eliminate the causes of such disorders, strictly enforce the law, and to assist law abiding citizens in the affected areas.

Violence and civil disorders indeed have occurred across our Nation: in Chicago, in Harlem, in Brooklyn, in Cleveland, in Lansing, in Indianapolis, and in many other cities. At the time of my remarks, I called for a four point program to meet these problems. I asked civil rights groups and civic leaders to exert every influence to stem these outbreaks and take action against the true cause of racial agitation. The administration was asked to give financial priority to the areas threatened with violence. Lastly, I offered an amendment, cosponsored by Senators CASE, CLARK, JAVITS, MURPHY, and SCOTT, to give the innocent victims of these areas an opportunity to obtain loans and to purchase their own homes.

I again ask that these actions be taken. But today I ask particularly that my amendment be adopted. It is impossible in areas of racial strife to obtain loans at any rate of interest for the purchase of homes. Loan companies have formed a wall around these areas and refuse to render assistance. Congressman HOLIFIELD, of California, stated on the floor of the House last week:

> In the city of Los Angeles we had some unfortunate racial disturbances in an area known as the Watts area. Before that occurred, various savings and loan associations and banks loaned mortgages in that particular area. After this racial disturbance occurred and a great deal of property—some $30 to $40 million—was burned or damaged in different ways, all of the savings and loan associations and all of the banks drew a line around that district. They call it the curfew district. They are not making any loans in that district to anyone, as far as I know. If they are, it is unknown to me. But I know that is the general policy in that area.

Certainly, the present tight money situation is part of the cause but the primary reason is the fact that riots have occurred and may possibly occur again.

Mr. President, the amendment I offer does not require further expenditures of Federal funds. It would allow FHA to insure mortgages in areas threatened by disorders if the properties concerned are an acceptable risk "giving due consideration to the need for providing adequate housing for families of low and moderate income in such area."

I have received hundreds of letters from law enforcement officials, from State authorities, from loan companies, from interested citizens—all supporting this proposal. I would ask unanimous consent that a few representative letters be placed in the RECORD at this point.

There has got to be a distinction made between the lawless miscreants and those inhabitants of potential riot areas who have a stake in the social order, who are or who want to be property owners, and who hold to the same standards of morality and behavior which you and I would approve in any citizen.

Mr. President, I ask unanimous consent that various letters received by me in support of this measure be printed at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

DISTRICT ATTORNEY, COUNTY OF NAPA,
Napa, Calif., July 19, 1966.

Hon. THOMAS H. KUCHEL,
U.S. Senator, Senate Office Building,
Washington, D.C.

DEAR SENATOR KUCHEL: With reference to your letter of July 11, 1966, I certainly agree with your thoughts outlined in the letter, and in your speech to the Senate. I also concur in the bill that you have introduced, and if there is anything that I can do to assist you in gaining the passage, please advise.

Very truly yours,

JAMES D. BOITANO,
District Attorney.

POLICE DEPARTMENT, CITY AND COUNTY OF SAN FRANCISCO,
San Francisco, Calif., July 19, 1966.

Hon. THOMAS H. KUCHEL,
U.S. Senator,
Anaheim, Calif.

DEAR SENATOR KUCHEL: This will acknowledge receipt of your letter of July 5, 1966, relative to Bill S. 3451. I fully agree that such asistance would be of great benefit to those who are struggling to improve their lot in areas where the potential for serious trouble exists.

I read very carefully your address in the Senate and I fully agree with you that there is a tremendous need for the recognition of responsibility on the part of the leaders involved in all phases of this great social change taking place in these United States. Your talk, your admonitions were certainly timely, more so now in light of the horrible violence that has taken place in the city of Chicago and various other parts of our country. This type of violence, rioting, looting and just plain criminality must cease, or our whole democratic way of life is in jeopardy.

We are fortunate to have a strong voice such as yours in our United States Senate. Keep up the good work.

Sincerely yours,

THOMAS J. CAHILL,
Chief of Police.

Mrs. RAYMOND E. ALDERMAN,
San Francisco, Calif., July 22, 1966.

Senator THOMAS H. KUCHEL,
Senate Office Building,
Washington, D.C.

DEAR TOM: Thank you very much for sending me a copy of your introduction of S 3451. I think it is an excellent piece of legislation.

Along the same lines, it seems to me that there should be some sort of compensation for the innocent victims of riot and civil commotion. It is one of the functions of political entities to maintain order, and if they fail to do so, shouldn't they be financially liable for their failure? I believe in California, we have some sort of fund to assist the families of criminally injured victims, and I think this type of law would be an extension of the same philosophy.

I'm fairly confident that this dream of compensation would never be passed, so I suppose what I am really advocating is an adequate police force to maintain order, and probably we won't get that either.

I have deep sympathy for the Civil Rights Movement, but I feel very strongly that lawlessness is not the way to achieve the very important goals of the minority groups.

Sincerely yours,

MARGARET.

WILLARD W. KEITH,
Beverly Hills, Calif., July 19, 1966.

Hon. THOMAS H. KUCHEL,
U.S. Senate,
Senater Office Building,
Washington, D.C.

DEAR TOM: Your letter to me of July 11 and its enclosures invited by comments on Senate Bill No. 3451 recently introduced by you in the Senate.

Undoubtedly this bill, if enacted, would aid considerably the financial problem which now exists in most of the "riot" areas or even those which are threatened by riot and/or civil disorders.

To add something to your file let me tell you of some experiences which have occurred recently within a savings and loan association in which I have an equity position and for which I act as a Director. Our association had processed a number of loans in the Watts area and the mortgages were in effect at the time of the riots last year. Since then it has been virtually impossible to collect any payments against the mortgages. The owners and/or occupants of the homes continue to reside there but refuse to make further payments. When we get to the point of foreclosure or trying to assume repossession of the property we usually find that the occupants have departed and taken with them many of the plumbing items, lighting fixtures, and other removable parts.

As you may well imagine this produces a very difficult situation and I can readily understand why new mortgage money is not being made available to properties in that type of area.

I think the moves you are attempting are good ones and that, if successful, could go a long way in relieving what is now a most difficult situation.

With kindest regards.

Yours sincerely,

WILLARD.

SAMUEL LADAR,
San Francisco, Calif., July 21, 1966.

Senator THOMAS H. KUCHEL,
U.S. Senate,
Washington, D.C.

DEAR TOM: I have read and I endorse enthusiastically your thoughtful and perceptive statement on the occasion of introducing S. 3451 to assist in the provision of adequate housing in certain areas.

I would hesitate to comment on S. 3451 itself, but since you specifically requested comment, I shall add a few words.

Jobs, education and fair and decent housing are necessities for the attainment by minorities of their rightful place in our society. Fundamental to the obtaining of these necessities is the establishment in members of minorities of a belief in the existence of opportunities for advancement or, in other words, the creation of a proper motivation to help themselves. S. 3451 furnishes relief from the frustration which is certain to follow the disturbance and damage which have taken place in certain areas. It is an excellent step in the right direction. Caution should be taken in its wording in reference to providing additional financial assistance in areas in which rioting or—to quote from the bill—"other civil disorders" have occurred or "are threatened". In the use of such general and indefinite terms there may be a danger that S. 3451 might be subject to misapplication.

Also, by way of a suggestion as to a possible alternative approach, let me recall to your mind the constructive action which the automobile liability insurance carriers undertook a few years ago in response to an accusation that there was discrimination against minorities in connection with the issuance and cost of liability insurance poli-

cies. The carriers created a classification of "assigned risks" to which a committee of the carriers could assign persons claiming discrimination or unfair treatment in connection with the issuance or cost of policies. Such persons are assigned among the carriers on an equitable basis, and each carrier is obligated to accept its share of the assigned risks. Under government impetus, such a plan conceivably could be worked out among financial institutions in the metropolitan areas. In the final analysis the increased cost of doing business would be borne by the community, but there would be no danger of politics in the handling of funds, and a constructive involvement of private industry.

I am certain that you have given this matter much thought and have better information than I. However, I am giving you my comments in response to your request. I have full confidence in your judgment.

With kindest regards,

Sincerely yours,

SAM.

CITY OF NEEDLES, CALIF.,
July 13, 1966.

Mr. THOMAS H. KUCHEL,
U.S. Senate,
Washington, D.C.

HONORABLE SENATOR: I have read the bill you presented to the Senate and enjoyed the good clean and sensible meaning of your thoughts and wishes.

I, too, feel that all peace and law abiding Americans should believe in the working principles of American Democracy and must recognize that Violence must be rejected as a political instrument by any orderly society.

I feel as a Police Officer and you will possibly agree, a terrific transition of the Civil rights program has been in progress for the past few years. I have great hopes that with men like you and others at the wheel, we will win in the end.

Keep up the good work, I am for you 100%.

Respectfully submitted.

WOODROW F. GIBSON,
Chief of Police.

REDWOOD CITY POLICE DEPARTMENT,
July 13, 1966.

Hon. THOMAS H. KUCHEL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR KUCHEL: Thank you for sending me the copy of your bill and statement concerning adequate housing in areas threatened by civil disorder. I have read both the bill and your statement and am in accord with what you are trying to accomplish.

I feel there is much to be done in this area that is of such great concern, particularly to those of us in law enforcement, and that any effort made to improve conditions will be helpful in solving this serious social problem.

Please call on me if I can be of assistance in matters of mutual interest.

Yours truly,

W. L. FAULSTICH, *Chief of Police.*

SAN FRANCISCO, CALIF.,
July 26, 1966.

Hon. THOMAS H. KUCHEL,
U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR TOM: Many thanks for your very nice letter of July 5 and for sending me a copy of the bill that you introduced to insure adequate housing in areas threatened by civil disorders. This strikes me as a fine approach and one that I very much hope will be adopted by the Congress. I will be more than happy to urge its adoption in various talks I will be making, and I appreciate greatly your sending it to me.

With kind personal regards,

Sincerely yours,

CASPER W. WEINBERGER.

SANTA BARBARA,
July 22, 1966.

Hon. THOMAS H. KUCHEL,
U.S. Senate,
Washington, D.C.

DEAR TOM: Thanks for your letter and the enclosed statement on your bill.

I just want you to know that I agree with you more times than I disagree. Keep up the good work.

Most sincerely,

JAMES L. HOLMES.

CITY OF NOVATO, CALIF.,
July 13, 1966.

Hon. THOMAS H. KUCHEL,
U.S. Senate,
Senate Office Building,
Washington, D.C.

My DEAR SENATOR KUCHEL: I agree with the content of your bill (S. 3451). Assistance should be rendered to assist people in privately restoring or improving these areas of strife. People should receive the opportunity to aid themselves whenever possible.

I also agree with your statements that Lincoln's philosophy has not been adhered to, and this nation has only recently commenced to bring equality to everyone. Unfortunately, there are many who are fiercely resisting these changes, as there are many who will also use all methods to immediately attempt to bring about equality.

No matter which side, oppressor or minority, our laws should be obeyed by all. Changes create problems, but these changes are necessary, and they must be achieved peacefully.

Sincerely yours,

R. J. DI GRAZIA, *Chief of Police.*

MONTCLAIR POLICE DEPARTMENT,
Montclair, Calif., July 14, 1966.

Hon. THOMAS H. KUCHEL,
U. S. Senator,
Senate Office Building,
Washington, D.C.

DEAR SENATOR KUCHEL: I appreciate your letter of July 5 and your advising me of your proposed bill on adequate housing in areas of civil disorder.

I would concur in your opinion that a stimulus to motivate the reconstruction in areas damaged by civil disorder is direly needed. Your bill, it would seem, would do much to satisfy this need.

Sincerely,

R. L. MCLEAN, *Chief of Police.*

BAKERSFIELD, CALIF.,
July 20, 1966

Hon. THOMAS H. KUCHEL,
The U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR SENATOR KUCHEL: This is to acknowledge receipt of your letter of July 11, 1966 and a copy of the CONGRESSIONAL RECORD concerning a bill to insure adequate housing in areas threatened by civil disorder. I wish to thank you for submitting this material to me, and to extend to you my congratulations for your excellent analysis of many of the problems in this field, and your action on behalf of the citizens of California in attempting to obtain a remedy.

You have my wholehearted support in this program.

Very truly yours,

KIT NELSON, *District Attorney.*

NORTHRIDGE, CALIF.,
July 19, 1966.

Hon. THOMAS H. KUCHEL,
U.S. Senate,
Washington, D.C.

DEAR SIR: I read your address re violence. I agree with all you said. As for the bill, I had occasion to speak with a Negro to whom I gave your statement and his comment, "I agree with the Senator and his bill will help all who reside and do business in Watts. It is difficult to obtain a loan."

Your bill should pass.

Kindest regards,

NATHAN O. FREEDMAN.

COUNTY OF SAN JOAQUIN,
July 19, 1966.

Hon. THOMAS H. KUCHEL,
U.S. Senator, California,
Washington, D.C.

MY DEAR SENATOR KUCHEL: Your statement in support of the introduction of your Bill S. 3451, is most appropriate and comes at a time when the true leaders of this great nation, should make themselves heard to deter future acts of violence or even the threat of violence, whereas you say they encourage injustice in themselves.

It is truly unbelievable that in times such as we are all enjoying, such conditions could exist, but what is even more frightening, is what we anticipate to come if something is not done.

You were very thoughtful to send me this material, and I am deeply grateful for your interest.

Very sincerely yours,

MICHAEL N. CANLIS,
Sheriff-Coroner, San Joaquin County.

DEPARTMENT OF POLICE,
San Jose, Calif., July 15, 1966.

Hon. THOMAS H. KUCHEL,
U.S. Senator, Senate Office Building, Washington, D.C.

DEAR SENATOR KUCHEL: In your letter of July 5, 1966, you have invited comments on the recent bill which you introduced in Senate and outlined in the CONGRESSIONAL RECORD labelled, "A Bill to Insure Adequate Housing in Areas Threatened by Civil Disorders." We would certainly agree with the objectives outlined in the bill. We sincerely hope that the objective sought by the passage of the bill will be realized in the future. Most certainly this ought well have a direct bearing on the potential of civil unrest, demonstration and riot. We cannot help but believe that the goals that you suggest and hope to achieve will bring about a more peaceful situation by removing some of the prime sources of discontent, frustration, and lack of opportunity to underprivileged citizens.

We offer our congratulations to you for your efforts in addressing the Senate and calling forth additional efforts on the part of civil rights leaders and other responsible officials to form public opinion to help prevent the use of violence in our cities and towns throughout our country.

Locally San Jose has exerted considerable effort to aid various minority groups in becoming a real and genuine part of the community rather than an isolated and insulated minority. The Police Department, with its Police Advisory Board, has a sub-committee specifically intended to receive complaints alleging police harassment and brutality or any other problems requiring an investigagation or evaluation. In essence, the Police Department is exerting great efforts to maintain lines of communication with our various groups within the community who could conceivably be categorized as civil rights or minority groups. While the police department is not a sociological organization in the full sense, it must of necessity overlap into this field in its efforts to assist in preventing the manifestations of an unfortunate social condition; namely poverty, lack of opportunity, discrimination, etc. The manifestation of these ills is often civil disturbance and ultimately rioting and violence. We are making every effort to communicate, to assist and to prevent the very things which you outline in your bill. We heartily agree with you that all of us, in our own avenues of endeavor, must work together as we can and

when we can to prevent the violence, unrest and disrespect for the law of our land, which too often exists. We very much appreciate your letter, a copy of the proposed bill and your invitation for comments. If we can be of any assistance, please be assured of our cooperation.

Very truly yours,

J. R. BLACKMORE, *Chief of Police.*

LOS ANGELES, CALIF.,
July 21, 1966.

Hon. THOMAS H. KUCHEL,
U.S. Senator, Senate Building,
Washington, D.C.

DEAR SENATOR KUCHEL: Your letter of July 11, 1966 and the CONGRESSIONAL RECORD, volume No. 112, 92 were read with great interest.

In your letter of July 11 you say that you introduced a bill to help protect the normal "business activity" in real estate in areas affected, or potentially affected, by civil disturbance and to aid in reconstruction and improvement in these areas by private enterprise.

If I read S. 3451 correctly the bill provides only for adequate housing ("dwelling"), and does not provide for any mortgages that would cover commercial or industrial buildings in the area.

There is a definite need, as you point out, to alleviate the situation with respect to housing primarily.

I am fully in accord with the bill as written. My only comment therefor is that it would be helpful to have commercial structures such as hospitals and clinics and places of business to up-grade and provide for needs in the Watts area or any other area of this type.

Thank you for having made known to me legislation pertaining to S. 3451.

Sincerely,

MYRON L. GARON.

LOS ANGELES, CALIF.,
July 21, 1966.

Senator THOMAS H. KUCHEL,
U.S. Senate, Senate Building,
Washington, D.C.

DEAR SENATOR KUCHEL: Reference is made to your letter of July 11 regarding the problem of civil disturbances. I am in agreement with your attitude and pronouncements regarding the utter uselessness of riots and civil disturbances by minority groups in promoting advancement for the civil rights movement. I have heard many opinions of my doctor acquaintances. Practically all felt that reward for violence is a principle to be rejected and fought; that vigorous steps must be taken to prevent these disturbances; that we must restore law and order so that the average citizen can feel safe to walk the streets and take care of his daily functions.

I also agree with the provisions in your proposed Bill S–3451 which provides for loans to those innocently involved by the effects of the lawlessness of the riot groups. I feel that those participating in riots should be punished, not rewarded. But housing must be provided or else fundamentals for obtaining a solution to the many problems will be missing.

With best wishes,

Sincerely,

OSCAR HARVEY, M.D.

SONOMA, CALIF.,
July 21, 1966.

THOMAS H. KUCHEL,
U.S. Senator,
Senate Office Building,
Washington, D.C.

DEAR SENATOR KUCHEL: Your letter of July 11, the copy of your bill S. 3451 and your comments carried in the CONGRESSIONAL RECORD are all underscored by what is happening in Cleveland at this very moment.

I feel that your bill is an excellent step in the right direction. It will help to reduce violence in the future. It will even promote the rebuilding of areas destroyed by present and past violence.

However, if these poverty ghettos learn that private funds will be insured for the rebuilding it could bring about the violence which you wish to thwart. These miserable people can say, "Let's destroy this crummy area. Now private investors will rebuild it because their investments are protected by the government."

Although I abhor violence in any form, still if our "working principles of American democracy" cannot move fast enough to clean up those ghettos, then violence may be the only way to do it.

The truth is that our "working principles of American democracy" are crumbling all around us. There are large segments of the public—people wanting equality, people wanting peace, people who refuse to accept the pat propaganda of the establishment—who are cynically disregarded by the power structure.

The fact remains that the Chicago riots would undoubtedly have never occurred had the forces of law-and-order put sprinklers on the fire hydrants for the benefit of the sweltering people instead of insisting on turning them off.

There are too many stridently screaming for enforcing the letter of law-and-order, and too few daring to even whisper an appeal for justice and human consideration.

Nevertheless we appreciate what you are doing, Senator.

Sincerely,

PAUL COREY.

PASADENA, CALIF.,
July 19, 1966.

THOMAS H. KUCHEL,
U.S. Senator,
Senate Office Building,
Washington, D.C.

DEAR SENATOR KUCHEL: Thank you very much for your letter of July 11th and your invitation to comment on your remarks in the Senate on June 6th and your proposed amendment to the National Housing Act.

I could not agree with you more when you urge that violence must be rejected as a political instrument in our society. In my view, violence should be ruled out, not only in domestic matters but in international situations as well. It is for this reason that I am not only opposed to the violence of Watts, Cleveland and New York, but also the violence in Vietnam. And I do wish you could join me in a universal denunciation of violence in all of its forms.

I am glad that you introduced your amendment to the National Housing Act insuring mortgaged loans in those areas which have a high risk rating. If successful in passage, this amendment should encourage investment in those areas which need it most.

I appreciate your inviting my comments.

Very sincerely yours,

ROBERT S. VOGEL.

FIRST COMMUNITY CONGREGATIONAL CHURCH,
Lehigh Acres, Fla., July 18, 1966.

Hon. THOMAS H. KUCHEL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR KUCHEL: Thank you for sending me the copy of your Senate speech and S. 3451.

I hasten to add my commendation to an effort I think not only prudent but almost imperative. Already since you introduced this measure, Chicago has flared.

Having myself lived on the West Coast, in Chicago, Boston and in other areas, I hold the view that everything reasonable that can be done must be done as quickly as possible to lower the pressures now beginning to explode.

Continued headway by extremists on the opposite sides of this socio-racial problem promises nothing but potential tragedy for the entire national life. Sensible leadership must not be reluctant or ambivalent in face of this mounting crisis. I would ask those who contend otherwise: "If you are weary now from running with men, how will you run with horses?"

Not only must violence be stopped; the causes of potential and future violence must be removed in advance as far as possible. Regretfully I must say I can see little if anything being done in that direction in this section where I now live. As you well know wisdom of dealing with this problem in some parts of the nation is equal to that of appointing a convicted arsonist head of the fire department.

All the more commendable then is your effort, and all similar ones, to use the power of government to aid in reduction of the causes of these explosive pressures. The alternative to revolution is evolution and it is very needful there be evidence evolution is taking place. Psychology of mass movements indicate we still have some very dangerous gulfs to cross. The insuring of rights without means to implement those rights is as dangerous as denial of the rights themselves.

Sincerely yours,

PHILIP BURTON, Ph. D.

MOTION PICTURES INTERNATIONAL, INC.,
Los Angeles, Calif., July 25, 1966.

THOMAS H. KUCHEL,
U.S. Senator, U.S. Senate,
Washington, D.C.

DEAR SENATOR KUCHEL: I have read with deep interest the bill that you have introduced as well as the comment that you made with respect to the introduction in connection with the bill.

I am fully in accord with this bill, and I feel it will be a major step in effectively dealing with this most important issue.

Sincerely yours,

S. BROIDY.

Mr. KUCHEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KUCHEL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, the amendment offered by the distinguished Senator from California obviously has pertinence, relating as it does to a difficult problem which is sweeping the cities of our country from coast to coast. It has considerable appeal. It is a proposal that was passed over very quickly by the committee, and we have not had an opportunity to study and understand all its implications. Nevertheless, an examination of the amendment suggests to me that its merit is such that we ought to accept it and take it to conference, which would give us an opportunity to study it further and to understand fully its implications.

I am perfectly willing to accept it on that basis.

Mr. KUCHEL. I appreciate that.

I will say, Mr. President, that the text of the amendment about to be accepted was introduced earlier by my colleagues and me as a separate piece of legislation,

and was referred to the committee of the Senator from Maine.

The PRESIDING OFFICER. Before submitting the question, will the Senator from California allow me to become a cosponsor?

Mr. KUCHEL. I am honored to include the name of the Presiding Officer of the Senate, and I ask unanimous consent that that may be done.

Mr. MUSKIE. Reserving the right to object, I will say that the cosponsorship of the amendment is unimpeachable.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California [Mr. KUCHEL].

The amendment was agreed to.

Mr. KUCHEL. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MUSKIE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER FOR ADJOURNMENT

Mr. MANSFIELD. Madam President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 12 o'clock noon tomorrow.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. TOWER. Madam President, I should like to ask the distinguished majority leader if he intends to lay down the Mass Transit Act tonight.

Mr. MANSFIELD. If and when the housing bill is completed, we will lay down the mass transit proposal. We will take no action on it. It will be the pending business tomorrow.

Mr. TOWER. Does the majority leader anticipate that whatever record votes will occur, will occur tomorrow, and that they will not be carried over until Monday?

Mr. MANSFIELD. I would hope that any votes would not be carried over but would be cast tomorrow. So that if that bill is finished tomorrow, we could take up the demonstration cities bill on Monday.

AMENDMENT OF SMALL RECLAMATION PROJECTS ACT OF 1956—CONFERENCE REPORT

Mr. JACKSON. Madam President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 602) to amend the Small Reclamation Projects Act of 1956. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 21, 1966, p. 16646, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. JACKSON. Madam President, on July 21 of this year the other body rejected, by a rollcall vote of 204 to 136, the report of the Committee on Conference on S. 602, a bill to amend the Small Reclamation Projects Act. This measure, sponsored by the Senator from Utah [Mr. Moss], had been considered by the Committee on Interior and Insular Affairs and was reported favorably, with amendments, on June 21, 1965. It passed the Senate on June 25, 1965, but on the motion of the able Senator from Louisiana [Mr. ELLENDER] the action was reconsidered and the bill further amended on July 1, 1965. S. 602 was again approved by the Senate with an amendment of the Senator from Louisiana.

As reported by the committee and passed by the Senate, the measure retained the provision of the original Small Reclamation Projects Act of 1965 under which the program was limited to the 17 reclamation States—those west of the 100th meridian—and to Hawaii.

However, the House committee believed that the small reclamation projects program should be a national, rather than a regional program, and amended the Senate bill to make the act applicable to all of the 50 States. The House committee made certain other changes also, but the broadening of the program into a national one making States in the East and South eligible to participate as well as those in the West, was one of the chief amendments.

On September 7, 1965, the House adopted the amendments of its committee and passed the measure.

In the conference between the two Houses, the Senate yielded with respect to the House-approved provision for a national program, and the conferees agreed upon other points of difference. A conference report was duly filed, setting forth the agreement on the provisions of the bill.

However, as I stated earlier, when the conference report was called up in the House, that body rejected it solely because, the debate shows, it did contain the provision which the House had previously approved.

Thereupon, as the established procedures require, the House again insisted upon its amendments, requested a conference with the Senate, and appointed conferees.

Madam President, the program established by the Small Reclamation Projects Act has unquestionably been of outstanding success. Under it, groups of landowners and water users have taken the initiative to organize themselves, prepare plans for a feasible project, and expand their own funds before obtaining a participating loan from the Federal Government. So successful has it been that the $100 million loan fund provided by the original act has been fully committed. Thus, this highly beneficial program of State and local participation with the Federal Government in locally sponsored irrigation projects will come to an end unless S. 602, or similar enabling legislation, is enacted in this Congress.

Therefore, Madam President, I move that the Senate disagree to the amendments made by the House to the bill, concur in the request for another conference, and that the Chair be authorized to appoint conferees.

The motion was agreed to; and the Presiding Officer appointed Mr. JACKSON, Mr. ANDERSON, Mr. MOSS, Mr. KUCHEL, and Mr. ALLOTT, conferees on the part of the Senate.

HOUSING AND URBAN DEVELOPMENT ACT OF 1966

The Senate resumed the consideration of the bill (S. 3711) to amend and extend laws relating to housing and urban development.

Mr. JAVITS. Madam President, I should like to ask the manager of the bill some questions.

I note that certain things have been done about cooperative housing in the bill for which I am very gratified. The proposal picks up a number of the measures I have introduced to deal with the question, as the New York area has a good deal of cooperative housing.

I note that one question still remains unresolved, which dates back, as a matter of fact, to when I was on the Committee on Banking and Currency. That is the question of why, notwithstanding excellent actuarial experience, the mortgage premium in cooperative housing is still one-half of 1 percent, with the difference of the actuarial figures being actual contributions of some $27 million and losses of several hundred thousand dollars. This would make a material difference to the cooperatives in the costs which are required to be shared by those who occupy cooperative apartments.

I should like to ask the Senator from Maine why no provision has been made in this bill which would make that reduction mandatory, and what the general situation surrounding it is at this time.

Mr. LAUSCHE. Madam President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. LAUSCHE. Madam President, a short while ago, I made inquiry concerning the rise in the costs of building houses in the United States. Since I made that inquiry, I had a member of my staff get the information. The astounding revelation is that in the last 10 years, the cost of building a home has gone up at the rate of 5 percent a year. In 10 years, the cost has gone up 50 percent. That means that if in 1956 one could build a home for $14,500, that same home today would cost $21,800 to build.

I call the attention of the Members of the Senate to this situation, because we in Congress are attempting to stimulate homebuilding. We are attempting to help the individual buy a home. We are attempting to keep craftsmen at work. But there seems to be no cooperation generally from some of the principal beneficiaries in trying to enable people to buy a home.

For the information of the Senator from Georgia, the cost of building a home in the United States, on the average, has gone up 50 percent in 10 years. A house that cost $14,500 to build in 1956 would now cost $21,800 to build.

Mr. JAVITS. Madam President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 6, after line 21, insert "That section 101(b) of the Housing and Urban Development Act of 1965 is amended by inserting after the first sentence the following: 'Such term also includes a private nonprofit corporation or other private nonprofit legal entity, a limited dividend corporation or other limited dividend legal entity, or a cooperative housing corporation, which constructs, owns, and operates rental or cooperative housing financed under a State or local program providing assistance through loans, loan insurance, or tax abatements, and which is approved for receiving the benefits of this section'."

Mr. JAVITS. Madam President, I wish to explain this amendment, as follows. This concerns one of the questions I was about to ask the Senator from Maine.

In the State of New York—and I understand in the States of Illinois, Pennsylvania, Massachusetts, and Connecticut also—are many multifamily structures which have been constructed by limited dividend housing corporations, cooperatives, and similar organizations. In New York we have a State program called the Mitchell Lama program, which makes available money at a much lower rate of interest than is otherwise available in the way of mortgages to cooperatives, and so forth.

The rent supplement program—I do not know what the committee's explanation would be—has no substantive base for making the distinction and does not allow the rent supplement to extend to structures of this character. In order to qualify them, without in any way compelling the housing authorities to use the rent supplements for this purpose, but just to qualify them legally so that they could be considered for that purpose—although they may not necessarily be included—I have offered this amendment.

The question I was about to ask the Senator from Maine is this: Is there any reason why they should not be eligible? They may not get it. They may not find the program applies to them, but at least they ought to be eligible.

Mr. MUSKIE. May I say to the Senator from New York, first, with respect to the mandate of the floor manager of the bill, that when the Senator from Alabama [Mr. SPARKMAN] turned the bill over to me, he said that I would undertake to answer all questions. I can only say to the Senator, and to the Senate as a whole, that I will only try to answer questions to which I have an answer.

My answer to this question is the only one which I can give explaining the position of the committee on the Senator's problem. The committee felt that this would open up the rental supplement question and that we ought to avoid doing so in light of the controversial aspect of that question in the last year and a half. Beyond that I could not comment on the question of the Senator as to why these projects are not eligible.

I can attempt to get a more informed answer to the question of the Senator before we dispose of the bill, if he will give us time.

Mr. JAVITS. I will be happy to give the Senator the time to do so. I shall pass on to the next question which is the question which I asked the Senator before, if the Senator is ready to answer now. That question is why the cooperatives are not eligible because of their actuarial experience, and notwithstanding our own decision that that was the right thing to do——

The PRESIDING OFFICER. The Senate is not in order. The Senate will be in order.

Mr. JAVITS. We made that decision in 1965 in the Committee on Banking and Currency. Why is it that a lower premium rate has not been extended by FHA to these cooperatives even now?

Mr. MUSKIE. As I understand the position of the agency, with which the committee itself is not in agreement, it is that all of the experience of some of these programs has been not favorable from an actuarial point of view, that there have been failures, and the agency would prefer to retain discretion and deal with all programs under one premium rate rather than categorize them on the basis of their favorable or unfavorable experience or the nature of the risk involved.

This is the explanation, and the committee chose in this case to continue the flexibility of the agency to deal with the problem.

Mr. JAVITS. It is a fact that we gave the mandate to treat these premises in actuarial experience separately. They have not done it.

In 1965 we came to the conclusion that these cooperatives should be considered separately but we did not mandate the reduction on the agency.

I want to be fair with the committee. I served on the committee. I wish to serve notice now that on the next housing bill I will move to amend it to mandate the one-fourth of 1 percent. We have tried to make it clear to the agency how we felt. We authorized them to keep separate the insurance funds for this program.

As the colloquial saying goes, they apparently cannot take the hint. It seems clear to me that nothing is going to happen unless Congress mandates it. A large prairie fire can be lit among the co-ops. When we have before us the next housing bill, whenever that may be—and it may not be too far off now—it will be my intention to move to mandate the one-fourth of 1 percent premium. This is not a satisfactory way to handle the matter. The agency should have flexibility, but the agency misused its flexibility to cause its inflexibility in defiance of the views of Congress. I do not think that that is playing the game.

So most reluctantly I will make an effort to make them do it. The experience has been exemplary. If, having expressed our will, we are not going to reward people who have had such excellent experience with mortgage insurance, we are not rewarding that kind of experience and success. There is no alternative left.

I hope that the committee will face the FHA with this situation. We have done it before but I must tell the Senator that I think that reasonable patience is about at an end and the matter has to be brought to a showdown.

I can assure the Senator that I am going to do everything that I can to bring it to a showdown here and in the other body. I hope the committee will make that clear if they go to the FHA, in the hope that they may handle the matter much more wisely than they have, by not responding to what was a very clear expression of congressional will a year ago.

Mr. MUSKIE. The Senator's persistence, I trust, will have a salutary effect on the disposition of the agency to consider this problem. I think that the Senator will find there is considerable sympathy in the committee toward his view on this problem. This discussion should raise the subject to the level of greater attention on the part of the committee when the matter comes up again.

Mr. JAVITS. On the rent supplement issue may I point out that the amendment that I have sent to the desk in no way increases or changes all conditions of the rent supplement. It makes additional multifamily structures available for that kind of treatment as the administration decides is desirable.

It seems to me that to make more housing available as a matter of choice for the program is very constructive and in no way jeopardizes or embarrasses the program. On the contrary it gives the program a greater opportunity to do its job. If it is taken to conference and bugs are found in it I will understand if it cannot be done.

But as far as I know it is a very simple mechanical matter of broadening the opportunity for housing to which rent supplements will be applied.

There are many such structures in my State and in the various other States I mentioned earlier. There is no reason in logic why they should be excluded from the operation of the program, if for other reasons of criteria they could properly qualify.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Madam President, I wish to state for the record, so that it will be clear for purposes of taking my amendment to conference, if it is agreed to, as I hope it will be, that the only entities to which the amendment applies are to private entities. These private entities, whether cooperatives or what we call limited dividend corporations or volun-

tary corporations, and occasionally trade unions and civic organizations in the State of New York, are for the benefit of a State mortgage institution which sells bonds for this kind of mortgage or makes a loan in a way to get them the lower interest rate. But the project is completely private. This is not public housing, State, municipal, or Federal. It is strictly private, except that it has the benefit of tax abatement and this pooling way of raising the mortgage funds in order to get a lower interest rate. On that representation only lies the basis upon which I would ask the Senate to agree to my amendment.

Mr. MUSKIE. Madam President, let me say that the Senator has touched upon the point to which the committee was sensitive. We did not think that the rent supplement program should be anything but private enterprise. The Senator has clarified that point and therefore, on that basis, I am willing to accept the amendment and take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

Mr. CLARK. Madam President, I send to the desk an amendment and ask unanimous consent that the reading of the amendment be dispensed with, since I believe that I can explain it very simply.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The amendment submitted by Mr. CLARK is as follows:

On page 28, after line 16, insert a new section as follows:

"URBAN ENVIRONMENTAL STUDIES

"SEC. 506. (a) The Congress finds that, with the ever-increasing concentration of the Nation's population in urban centers, there has occurred a marked change in the environmental conditions under which most people live and work; that such change is characterized by the progressive substitution of a highly complex, man-contrived environment for an environment conditioned primarily by nature; that the beneficent or malignant influence of environment on all living creatures is well recognized; and that much more knowledge is urgently needed concerning the effect on human beings of highly urbanized surroundings. It is the purpose of this section to authorize a comprehensive program of research, studies, surveys, and analyses to improve understanding of the environmental conditions necessary for the well-being of an urban society, and for the intelligent planning and development of viable urban centers.

"(b) In order to carry out the purpose of this section, the Secretary is authorized and directed to—

"(1) conduct studies, surveys, research, and analyses with respect to the ecological factors involved in urban living;

"(2) document and define urban environmental factors which need to be controlled or eliminated for the well-being of urban life;

"(3) establish a system of collecting and receiving information and data on urban ecological research and evaluations which are in process or are being planned by public or private agencies, or individuals;

"(4) evaluate and disseminate information pertaining to urban ecology to public and private agencies or organizations, or individuals, in the form of reports or otherwise;

"(5) initiate and utilize urban ecological information in urban development projects initiated or assisted by the Department of Housing and Urban Development; and

"(6) establish through interagency consultation the coordinated utilization of urban ecological information in projects undertaken or assisted by the Federal Government which affect the growth or development of urban areas.

"(c)(1) The Secretary is authorized to establish such advisory committees as he deems desirable for the purpose of rendering advice and submitting recommendations for carrying out the purpose of this section. Such advisory committees shall render such advice to the Secretary upon his request and may submit such recommendations to the Secretary at any time on their own initiative. The Secretary may designate employees of the Department of Housing and Urban Development to assist such committees.

"(2) Members of such advisory committees shall receive not to exceed $100 per day when engaged in the actual performance of their duties, in addition to reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

"(d) The Secertary is authorized to carry out the studies, surveys, research, and analyses authorized by this section either directly or by contract with public or private bodies or agencies, or by working agreement with departments and agencies of the Federal Government, as he may determine to be desirable. Contracts may be made by the Secretary for work under this subsection to continue not more than two years from the date of any such contract.

"(e) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section. All funds so appropriated shall remain available until expended when so provided in appropriation Acts."

Renumber succeeding sections accordingly.

Mr. CLARK. Madam President, the purpose of the amendment is to give to the Department of Housing and Urban Development authority to undertake and to sponsor a comprehensive program of research, studies, surveys, and analyses, to improve understanding of the environmental conditions necessary for the well-being of an urban society, and for the intelligent planning and development of viable urban centers.

Madam President, this amendment was proposed, at my instance, at a time when the Housing Subcommittee marked up the bill. It was adopted by the Housing Subcommittee, as I understand it, without controversy.

However, through an inadvertent misunderstanding, when the bill came to the full committee, the amendment was dropped.

I would hope very much that the Senator in charge of the bill would be willing to reinstate this amendment, which calls for a series of studies, in which the Department is very much interested, in an area which I believe to be quite important.

Mr. MUSKIE. Madam President, the Senator from Pennsylvania has stated the case correctly. The subcommittee did approve the amendment but, because of the many items of business before the full committee, the amendment was not given the attention it deserved and at the close of the markup session it was rather hastily overlooked.

Therefore, on the basis that the subcommittee did approve it, and that it also does have considerable merit, I am happy to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Pennsylvania [Mr. CLARK].

The amendment was agreed to.

Mr. KUCHEL. Madam President, section 231 of the National Housing Act has established a national program of mortgage and loan insurance in order to provide housing for elderly persons.

Most ceilings established under this section are significantly lower than those imposed on mortgages under the regular multifamily program as provided for in section 207. On the average, mortgage ceilings for the elderly are about $1,000 lower than for comparable units under the regular multifamily program.

Madam President, I ask unanimous consent that an official table showing the comparison of maximum mortgage limits under the regular multifamily section 217 and elderly—section 231—FHA programs be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Comparison of maximum mortgage limits under regular multifamily (sec. 207) and elderly (sec. 231) FHA programs [1]

	Regular multifamily	Elderly
Private mortgagor	$20,000,000	$12,500,000
Public mortgagor	50,000,000	50,000,000
Elevator type (per unit, up to 4 bedrooms):		
Minimum	10,500	9,500
Maximum	25,500	22,750
All others (per unit, up to 4 bedrooms):		
Minimum	9,000	8,000
Maximum	21,000	19,250

[1] Purpose of the loans in both sections is for proposed or rehabilitation of detached, semidetached, row, walkup; or elevator type rental housing—8 or more units. In both sections limits may be increased up to 45 percent in "high-cost construction" areas.

Mr. KUCHEL. Madam President, this differential strikes me as discriminatory and inequitable against the elderly members of America's society.

As I understand it, the limits provided in section 231 were kept lower by Congress because it was assumed that the elderly would be unable to carry larger mortgages. I deny that.

Mr. TOWER. Madam President, if the Senator from California will yield at that point——

Mr. KUCHEL. I am happy to yield.

Mr. TOWER. It was actually not primarily that so much as the fact that this would hold down rents. In other words, it was a device to keep the rents low so that the elderly would not be saddled with high rents.

Mr. KUCHEL. I thank my friend.

Madame President, in my own State of California, and in a number of other States, it does seem that these limitations have been found to be unrealistically low.

In these inflationary times, rising costs accentuate discrimination against programs of housing for the elderly.

Let me say to my able friend, that rather than seek to have the Senate accept an amendment which would attempt to find a more equitable basis in the field of mortgage insurance for elderly housing programs, I want to say publicly what I have said to my able friend privately earlier today: Does he believe that there may well be an inequity in the present law; and, if so, does he believe that the committee can, should, and will attempt to hold hearings on it, and to inquire into it?

Mr. MUSKIE. Madam President, on the basis of the evidence which the distinguished Senator has given me in private, and in his remarks now on the floor of the Senate, I believe that there is merit to the suggestion that there may be inequity, and that there is a problem the committee should look into.

Therefore, I would be happy to join in urging the committee to study it, consider it, and perhaps go beyond that.

Mr. KUCHEL. I thank my friend very much.

I also spoke earlier to my able friend from Texas [Mr. TOWER], the ranking minority member on the committee. It would seem to me that here is an opportunity for the committee, on a bipartisan basis, to determine how these seeming inequities might be removed.

Mr. TOWER. Let me say to the Senator that I would join the Senator from Maine [Mr. MUSKIE] in expressing a desire to cooperate. Looking into this matter, let me say that the Senator from California has raised a very interesting point, one which perhaps had not been apparent to all of us, and I would therefore be happy to join in cooperating in any effort to make a study and review of the situation.

Mr. KUCHEL. I thank the Senator.

Mr. KENNEDY of Massachusetts. Madam President, I am pleased to see that the new grant program for historic preservation established by section 4 of the bill would make historic areas, as well as specific structures, eligible for financial assistance, for acquisition restoration and improvement. As the committee report points out, such areas are often of more historic interest than even a number of separate buildings and can have a far greater effect on local patterns of land use. By providing for such assistance to historic areas, it will be possible to make grants to preserve a number of buildings in an area and also to provide other improvements in the area such as special street lighting or special paving which may be required to preserve the historic character of the area.

When I read through the report of the Special Committee on Historic Preservation, I was much impressed by the importance our leading conservationists place on the concept of area preservation—of the often intangible historical character that a particular area may have when viewed as a whole. I can think of historic areas within my own State of Massachusetts where it is extremely important that we retain that intangible character which sets that area apart from other areas around it. It was with that idea in mind that I offered an amendment to Senator MUSKIE's bill, S. 3097, to extend grant assistance to historic areas as well as historic structures.

I am pleased to see that this concept has been incorporated in the bill as reported out of the committee, and I am hopeful that in the administration of section 404 the concept of areawide preservation will receive the careful consideration it deserves.

I wish to ask the Senator from Maine [Mr. MUSKIE] if, in consideration of this concept, as I understand it from reading the report, it is his understanding and that of the committee that the Administrator ought to carefully consider opportunities to provide help and assistance with respect to preservation of historic areas existing in every part of the country, not just New England, but in all sections of our country.

Mr. MUSKIE. I wholeheartedly endorse the principle of preservation of historic areas which the Senator from Massachusetts has advocated not only today, but at other times, orally and in communications. I endorse this principle not only for New England but for other areas. In view of my visit as a member of a special committee to European countries, I hope there would be enough authority in the administration of the bill to move ahead in that direction. Certainly I would urge the administration to insure that this concept is not overlooked as these programs are developed.

Mr. KENNEDY of Massachusetts. Madam President, I appreciate the comments of the acting chairman. I know he traveled and visited Europe a year ago and looked into this matter, and that he has been deeply interested in this whole approach. I must say I feel comforted by his hope that there will be a review of this program, so that if the language is not as extensive or as broad as it should be to permit the kind of administration which is reflected in the committee report, there will be provided whatever is necessary to accomplish the purpose.

Madam President, on one other matter, I send to the desk an amendment on page 36, after line 16, and ask unanimous consent to dispense with the reading of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. KENNEDY of Massachusetts is as follows:

On page 36, after line 16, insert a new section as follows:

"PUBLIC FACILITY LOANS

"SEC. 509. Section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof a new subsection as follows:

"'(f) The restrictions and limitations set forth in subsections (b) (4) and (c) of this section shall not apply to assistance to municipalities, other political subdivisions and instrumentalities of one or more States, and Indian tribes, for specific projects for cultural centers, including but not limited to, museums, art centers and galleries, and theaters and other physical facilities for the performing arts, which would be of cultural, educational, and informational value to the communities and areas where the centers would be located'."

Renumber succeeding sections accordingly.

Mr. KENNEDY of Massachusetts. Madam President, under title II of the Housing Amendments of 1955, the Federal Government extends credit through the Community Facilities Administration for the construction of basic public works to those municipalities which could not otherwise find credit on reasonable terms and conditions.

The amendment that I offer today would expand the coverage of this credit assistance so that municipalities can receive community facilities loans for the construction and remodeling of arts and museums facilities.

I believe development of our Nation's cultural facilities, without which artistic expression cannot flourish or be enjoyed, deserves the same kind of support as the water works and the street improvement projects which now receive primary emphasis and assistance under the community facilities program.

The need for such assistance is clear. From the day that the National Endowment for the Arts was established, it has received numerous inquiries and requests for assistance for construction, remodeling, or preservation of arts and museum facilities. There have been over 200 requests in the last year from municipalities seeking capital funds. Many of the growing number of community cultural groups have the talent resources to provide great educational and cultural opportunities for our Nation's citizens. Yet they suffer from a lack of adequate facilities. Some communities have wisely sought to combine the need for such facilities with a desire to renovate, maintain, and preserve structures of historic and esthetic significance to the community. These old buildings, with a modest investment, can often be easily converted into museums, art centers, and galleries.

Madam President, the establishment of the National Endowment of the Arts signified a recognition on the part of the Congress of the role of the Federal Government in supporting the arts—a recognition that we must seek to make the fruits of culture available to all our citizens just as we are trying to make the fruits of economic abundance available to them. I am hopeful that this amendment will help in the attainment of this goal.

Madam President, absolutely no increase in the authorization or any increase in the appropriation is requested by this amendment. All the amendment would do is provide an opportunity for municipalities, in their good judgment, to establish a list of priorities, for community facilities, in seeking credit assistance and have the opportunity to place a cultural facility at the top of the list.

Actually, although the amendment is 9 or 10 lines long, the important words are "specific projects," and the remaining language is "for cultural centers, including but not limited to, museums, art centers and galleries, and theaters and other physical facilities for the performing arts, which would be of cultural, educational, and informational value to the communities and areas where the centers would be located."

Mr. MUSKIE. Madam President, I suggest the absence of a quorum——

Mr. MAGNUSON. Madam President, will the Senator withhold that?

Mr. MUSKIE. Yes.

Mr. MAGNUSON. Madam President, while there is this little delay, I wanted to suggest to the Senate a matter of procedure again. This bill and the presence of the Senator from Colorado [Mr. ALLOTT] on the floor brings it to mind. Only yesterday and only last week we marked up bills providing many millions of dollars for Housing and Home Finance Agency, and for the Housing and Urban Development Department, for the coming year. No sooner is that done than we are on the floor with another bill changing many of the concepts of the whole program.

I do not know how much this bill will cost or when we are going to get estimates so that we will have to come back again and go over all that we did yesterday and then bring in an appropriation bill.

It brings to mind the suggestion I have made to the Senate and Congress for many, many years. I do not know in how many sessions I have introduced a bill that we do what seems to me to be commonsense, and what all the other legislative bodies in the free world do; namely, have a legislative session and a fiscal session. First we would legislate and then we would sit down and know what we were going to appropriate and why and how much, so that the right hand would know what the left hand was doing occasionally.

I think we would save, not hundreds of millions of dollars, but billions of dollars, if we knew what the whole housing program was that was before us before we appropriated money for the next year. We would have an opportunity to look at it.

I am sure the Senator from Wisconsin [Mr. PROXMIRE] will agree with that.

This statement has relevance to the amendment just offered by the Senator from Massachusetts. He says it is not going to cost money under the community facilities section. Perhaps it will not, but here is a bill changing many concepts, and undoubtedly involving a great deal of money. Perhaps it is justified, but we just got through with a bill for next year moneywise, and now we have to start in and go over what we did, and perhaps provide for the financing, and come back and do it over again. If we had the Congress divided into a legislative session and a fiscal session, we would have more of an idea of what we were doing.

I do not think there is a State legislature in any of the 50 States that does not do the same thing. Toward the end of the session, they blow the whistle, as it were, on all legislation, and then sit down and appropriate. The finance committees and the committees on appropriations meet and see what responsibilities they have.

But here in the Senate, we often find ourselves downstairs appropriating money for one big housing program, most of which we agree with, and the next day another one comes along. I merely throw that out as something brought to my mind sitting here listening to the debate just now.

Mr. ALLOTT. Madam President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. ALLOTT. Madam President, I think what the distinguished Senator from Washington says is quite true. Yesterday we acted on the independent offices appropriations bill, and appropriated a very significant amount in this area. Yet today, 1 day after we complete that bill, we are faced with the proposition of an entirely new housing bill, which will involve, I am sure—because I intend to ask the manager of the bill about one area of it—many millions of dollars.

The Senator's thought runs along the line of a suggestion I have made—and I have a bill pending before the Senate—which is, in effect, that we have a long appropriation bill, so that at the end of the session, we can look at all of the appropriations, and then we can decide whether or not we have appropriated too much, and we might have a chance, possibly, to bring the budget into balance in that way.

The suggestion of the Senator from Washington, the chairman of the Subcommittee on Independent Offices Appropriations, we have discussed many times. I think it is a very positive and constructive suggestion. It might be that if it were followed, we could get away from situations such as we have now. Because, just as sure as we stand here on this floor today, one day after we have finished the appropriations for housing, we will be faced in the spring, not with appropriations for the next year, but with supplemental appropriations to finance the bill which is now before the Senate and being acted upon today.

Just so that no one will believe I am dreaming this up, a typical example was the rent supplement program which was authorized in last year's housing bill. They could not even wait until the end of the fiscal year to get into operation; they came up to us with a supplemental bill. As long as we continue in this way, I do not think we can ever exert any effective control over spending.

Mr. MAGNUSON. Over what we expend, or over what the Finance Committee must do in the way of raising taxes to pay for it. It is just a continuous thing. When the supplemental for this matter comes up, it will be late, we will not have the opportunity we would like to have to review it carefully and go through it with a fine-tooth comb, as to the amount of expenditures. This has gone on every year. I know of a time when the Senator from Colorado and I were down in the Appropriations Committee, marking up a bill on another big program, and we were called up here three or four times to vote on the same program the Senate was changing, the same day.

Mr. ALLOTT. The Senator is correct.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. TOWER. I point out to the Senator from Washington that this housing bill is really a cheap bill.

Mr. MAGNUSON. I hope so.

Mr. TOWER. There is very little in the way of additional money requested, except for the acquisition of housing affected by base closings.

Mr. MAGNUSON. My suggestion applies not just to this bill, but the Senator from Texas knows there are many bills similar to this, where the right hand does not know what the left hand is doing. We have a legislative responsibility to consider. I think we would save hundreds of millions of dollars if we knew what the legislation was going to be, and that that was it, and then sat down and appropriated. That would apply to any program.

Mr. TOWER. I concur.

Mr. HRUSKA. Madam President, will the Senator yield?

Mr. TOWER. I yield.

Mr. HRUSKA. I wish to say, Madam President, that what the Senator from Washington has said makes good sense. I subscribe to it. His predictions about what is going to happen are probably pretty accurate.

But I ask the Senator, Is not the problem further complicated by the fact that often when these requests for funds are made in supplementals, the supplemental bill is not heard by the committee which is primarily in charge of the major undertaking involved?

Mr. MAGNUSON. That is correct.

Mr. HRUSKA. The matter is heard by a subcommittee on supplemental appropriations, and thus there is insulation between the continuity of the parent committee, in this instance the Independent Offices Committee, and the appropriations for the activity involved?

Mr. MAGNUSON. That is correct.

Mr. HRUSKA. That is one of the things which it seems to me should be considered for correction in connection with the suggestions made by the Senator from Washington.

Mr. MAGNUSON. I thank the Senator.

Mr. KENNEDY of Massachusetts. Madam President, we have had discussions with the Senator from Maine, who is managing the bill, and with the Senator from Texas as well, and we, I believe, have perfected the amendment to take in the principal questions raised by the Senator from Maine; and I hope that the Senate conferees will take the matter to conference and consider it at that time.

Mr. MUSKIE. Madam President, the Senator from Massachusetts has stated the situation correctly. The two changes that have been made in the amendment, as compared with the bill which the committee considered, are, one, that it now honors the 50,000 population ceiling which applies to the program which he seeks to amend; and, second, the application of his amendment to nonprofit organizations has been stricken, and it now applies only to Government agencies.

There are still some other questions which the members of the committee would wish to explore, but we think that we can do so before we get to conference. Therefore, because of the corrections and amendments that have been made, the committee is willing to take the matter to conference and consider there the

amendment as it is now before the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts.

The amendment was agreed to.

Mr. RIBICOFF. Madam President, I should like to address a query to the Senator from Maine.

In section 301 of title III, authorization is made granting a credit of 25 percent of the cost of public facilities for cultural, exhibition, or civic purposes, if those facilities are located within, adjacent to, or in the immediate vicinity of urban renewal projects, and are found to contribute materially to the objectives of the urban renewal plan.

Under that provision of the bill, if the city of Hartford, Conn., and the city of New Haven, Conn., construct such facilities, then both New Haven and Hartford would receive grant-in-aid credits under that provision; is that correct?

Mr. MUSKIE. That is my understanding.

Mr. RIBICOFF. I have introduced in the Senate two bills. The first, S. 3232, would count 100 percent of the expenses incurred by the city of New Haven in building a coliseum convention center within urban renewal project R–2, as grant-in-aid toward the project even though the benefits of the center may extend beyond the project. The other bill, S. 3629, would count the expenses of Hartford in building a civic center-coliseum as a 100-percent credit allowance in the same way.

It is my understanding that the committee has accepted the provisions of my bill, S. 3629, as an amendment to the bill, thus including the city of Hartford for 100-percent credit; is that correct?

Mr. MUSKIE. That is correct. That is, we are taking it to conference. The Senator understands that the Senate conferees will press for the general legislation which the committee has written, and if we are unable to prevail with the House conferees on that point, then we will be in a fallback position to consider the specific projects the Senator has mentioned.

Mr. RIBICOFF. I thank the Senator. Now, I understand the reason the city of New Haven was not included in the list of projects in the Senate bill is because the House bill covering the same provisions includes the city of New Haven. Is that correct?

Mr. MUSKIE. That is correct.

Mr. RIBICOFF. So the Senate committee has been very careful to make sure that there is no duplication in the House and Senate bills. Any city in one bill does not appear in the other. The Senate bill covers a certain number of cities, and the House bill covers another list of cities?

Mr. MUSKIE. The Senator has stated the situation correctly.

Mr. RIBICOFF. So therefore, there will be an equality of treatment of all cities when the Senate takes the bill to conference? All cities are subject to conference in the same way, on an equal basis.

Mr. MUSKIE. The Senator may be sure of that.

Mr. RIBICOFF. I thank the Senator very much. Of course, it is my hope that in conference, the Senate can work out the provisions to see to it that both the city of Hartford and the city of New Haven receive a full credit of 100 percent to help them with these very worthwhile projects.

Mr. MUSKIE. We will do our best to protect the Senator's interests.

Mr. STENNIS. Madam President, I send to the desk an amendment, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 34, beginning with line 19, strike out all through line 12, on page 36. Renumber succeeding sections accordingly.

Mr. STENNIS. Madam President, I think this is a major matter. I know that there is quite a bit of interest in it.

This amendment proposes to strike bodily from the bill section 507, which section begins on page 34 of the Senate bill.

Madam President, may we have order? Will the Chair ask the attachés to please cease their conversation and moving about. I think this matter can be handled very quickly if we get down to the point.

Madam President, this provision, added in the bill, undertakes to cover a problem resulting from the closure of military bases. There were certain losses incurred on houses owned by military men and by civilian workers at those bases due to the closing. There has been agitation here, particularly for the last 18 months, concerning some kind of adjustment, with the Government to absorb all or at least a part of these losses.

We had the matter up for consideration last year, and some effort was made to settle the matter with legislation. However, the Appropriations Committee was not satisfied with the proof and denied the $10 million requested by, I believe, the Senator from Alabama, with which to start that program.

The committee asked for a further study by the Department of Defense. That further study was made in due course, and the matter came here in the form of a bill prepared by the Department of Defense whereby they undertook to prescribe a formula that would get at this problem and absorb at least a part of the losses.

The best estimate they had was that it would cost the Government—the final net cost—about $70 million to $78 million. That is a rather loose estimate.

That bill was called to the attention of the Committee on Armed Services. Speaking for myself, I said that any bill on the subject would have to carry the provision that the authorization would have to be made on a line item basis, like any other military construction matter, and that it would have to be paid for with appropriated funds from military sources.

That bill had already been introduced with that provision in it and had been referred to the Committee on Banking and Currency. However, that bill was not passed and is not before us now. Instead, we have section 507 in the pending bill.

I did not know anything about this until about noon today, and I am compelled to express great regret, even though we all admire our leaders, that it is necessary in the rush of things to bring up a colossal bill such as this in such a short time after the reports are made available. However, on short notice, and with the defense markup going on, we have assembled such facts as we could. Our best estimate is that the gross outlay because of this would be approximately $1 billion.

This is the material point. The language of the bill, as now written, that I proposed to strike out says that the Secretary shall make these payments. That is imperative, mandatory language.

Mr. SALTONSTALL. Madam President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. SALTONSTALL. Madam President, is not the important part that the Senator is now bringing out the fact that we discussed this matter several times over several years?

The bill, S. 3411, which the Senator looked over and which was originally signed and endorsed, provides that the Secretary of Defense is authorized, and section 9 says that the money must be appropriated, but that it can only be appropriated after the military construction appropriation is granted.

Mr. STENNIS. The Senator is correct.

Mr. SALTONSTALL. Mr. President, section 507 appropriates money without any further authorization. Is that not the objection?

Mr. STENNIS. It makes it mandatory on the Department of Defense that they shall carry out the program. Of course, they would still have to seek appropriated funds.

Mr. SALTONSTALL. But no further authorization.

Mr. STENNIS. They would not have to seek any further authorization. The Senator is correct.

I wish to make one special point concerning the statement of the Senator. We have the rather rigid requirement with reference to all military construction and other military expenditures, most of them, that they first be authorized. Then, there has to be an appropriated sum of money. That is the routine that all of them go through, year after year. That includes houses.

We think that section 507 violates every major phase of the consideration of legislation of this kind that is voted on here both by the Appropriations Committee and by the Armed Services Committee.

Madam President, would Senators please have their conferences elsewhere? Someone is trying to explain a matter here. It is a distraction to me to have to face a conversation that is coming toward the speaker.

The PRESIDING OFFICER. The Senate will be in order.

Mr. STENNIS. These outlays are estimated to be approximately $1 billion. That amount of money would not all be lost because there would be a recovery

on these buildings or dwellings, when they may be disposed of.

It is estimated that it will cost about $200 million a year to keep them up and to operate them. We do not know how many years that would involve. However, our best estimate is that the net cost of the taxpayers would be at least $300 million.

That is in the face of the fact that no hearings have been held by the Committee on Armed Services. It is in the face of the fact that we are holding up highly important military construction now, for which money has already been appropriated. This construction is being held up due to the scarcity of funds and the urgency of the situation in Vietnam.

The measure violates, in that way, what we think is a sound approach and the proper procedures to follow. We would rather have a program of a modest sort that never has been implemented with funds, not because we were not in sympathy with this program to a degree, but because there have not been any firm estimates given to us, or to anyone else, I submit, about what the program is going to cost. There has been no formula prescribed for finding some method of solving this problem.

We thought the bill that I referred to a moment ago had merit, subject to the provision that we must authorize the appropriated funds.

I hope it will be referred to this afternoon. This measure has this section which we think will save it, and, as far as we know, provide a fairly sound program, certainly sound enough to give the committee the chance to get into the matter, to weigh the need, and to decide how much money should be authorized and appropriated.

We are going to do our utmost to defeat this shotgun method of going at this vague and unknown problem in such a way as demanding, imperative legislation.

I am authorized, humbly, to speak for the members of the Committee on Appropriations that were present when we discussed this, and also for the members of the Committee on Armed Services that I was privileged to discuss it with.

The Senator from Massachusetts is here. He is fully familiar with all of the construction program and the method of dealing with it. He is familiar with the implications of section 507.

I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, I shall not take the time of the Senate except to say that, on the military construction bill this year, we very much limited the housing for our Armed Forces. There is a great limitation on construction.

This bill comes in and places a "shall" on what the Secretary of Defense shall do. That will involve a very large expense that will be of no benefit for our soldiers at this time for housing that they may need, particularly as the housing has been cut way back this year because of the war in Vietnam. So, when this bill comes in with a "shall," and the Secretary of Defense shall do these things, it leaves no discretion in the Secretary and it leaves the needs of the military very much in abeyance.

I hope, as a member of the Subcommittee on Military Construction over the years, whose chairman has been the Senator from Mississippi, that this section will be eliminated or amended in such a way as to include the provisions of S. 3411.

Mr. STENNIS. I thank the Senator.

Under the provision that we propose to strike out, there is no limit to the number of years that people could go back and claim that due to a base closing they lost some money. Under the bill, they would have just as much right for consideration as anyone else.

Some bases were closed in Mississippi 5, 6, or 7 years ago. I do not exactly know the time. Of course, they should not be included in a provision in this bill, and I would not propose that they be included. The purpose of the provision is to take care of the acuteness of a situation that developed in the last 10 or 18 months.

Another point I wish to make is that we do not know how far back to go. There is no limit whatsoever on the amount. According to a memorandum I have, they think it is so broad that it could apply to any house or any homeowner who has ever been employed at or assigned to an installation which was ordered to be closed. Think of that. It is unthinkable.

Many Members of the Senate are not here; but this matter is so important and we are so firm in our position on it, that I will insist on a rollcall. I feel an obligation to keep speaking on this matter until the Senators all come to the Chamber—at least the majority of them—so that they may hear and have an opportunity to understand what is really involved. It is my purpose to stay in the Chamber until this matter is explained to the Senate.

Mr. TOWER. Madam President, will the Senator yield?

Mr. STENNIS. I yield to the Senator from Texas.

Mr. TOWER. I should first like to say that I am also a member of the Committee on Armed Services and a member of the Subcommittee on Military Construction.

Mr. STENNIS. And a good member.

Mr. TOWER. And I greatly respect the opinions and the fine leadership offered by my distinguished friend, the Senator from Mississippi, and I am desirous of being cooperative.

Perhaps in our desire and our zeal to remedy a wrong, we were not as careful as we should have been; and I am confident that section 507 could be improved upon. It was certainly not our intent to make it an open-end affair, under which people from years back could come in. It was our intent that these houses would only be acquired in areas where the market was adversely affected by a base closing.

In large cities, of course, the closing of bases would not create any substantial effect, or perhaps even any perceptible effect, on the housing market. But in smaller towns, such as Waco, Tex., this creates quite an impact.

It is my understanding that the Department of Defense has made a study of this matter and that the bill introduced by Senator SPARKMAN, S. 3411, was a result of that study and remedied some of the objections that were made to the original proposal.

Mr. STENNIS. The bill that the Senator now refers to is the bill that a moment ago I said came from the Department of Defense during this calendar year and was an outgrowth of our handling of this matter last year. Am I correct in my understanding?

Mr. TOWER. The Senator from Mississippi is correct. Under those circumstances, I am wondering whether the Senator from Mississippi would be amenable to my offering an amendment to his amendment: In addition to deleting 507 to add a new title to the bill, with that new title comprising the text of S. 3411.

Mr. STENNIS. Would the Senator state more about what is in the text of S. 3411? I believe the Senate ought to know more about what is in it.

Mr. TOWER. S. 3411 provides for 90 percent reimbursement.

Mr. STENNIS. Ninety percent reimbursement of the losses?

Mr. TOWER. The Senator is correct.

Mr. STENNIS. All right.

Mr. TOWER. And it tightens the administration of it considerably. It refers only to employees or military personnel who are stationed at the base at the time of the closing. Beyond that, it is not mandatory on the Secretary, but simply authorizes him to use his own judgment in coming in and asking for funds that he may feel are required.

Mr. STENNIS. In addition to the points that the Senator has mentioned, as I understand, that bill has other phases of a formula that pertain to the application of this principle.

Mr. TOWER. The Senator is correct. Section 9 provides:

> No funds may be appropriated for the acquisition of any property under authority of this Act unless such funds have been specifically authorized for such purpose in an annual Military Construction Authorization Act.

So this gives us an opportunity, in the Military Construction Committee, to look at this matter annually and to pass judgment on it.

Mr. STENNIS. That would require an express authorization and also an appropriation for that purpose, and that is the formula that the committee uses now with reference to other military construction.

I believe that under the circumstances a problem is presented. I have never tried to defeat the overall problem without some kind of consideration being given to people who have sustained unusual losses, who were there at the time—although I do not favor going too far on it—due to the closure of a base.

We will have some program along that line. I understand that this is a fairly well thought out and planned bill which the Senator has in his hand and proposes to offer. I wish that hearings had

been held on the matter, but there have not been any.

I wish to make clear, also, that as far as the Senator from Mississippi is concerned, he would have to reserve all his rights to scrutinize any requests for authorizations as well as appropriations that might come up if this bill should become law. And I believe that would be the attitude of all the other members of the committee with whom I have had an opportunity to discuss this matter.

Mr. TOWER. The Senator from Mississippi may include the Senator from Texas in that statement, too.

Mr. STENNIS. That makes it almost unanimous. And that would be the attitude of the Committee on Appropriations.

Mr. TOWER. Of course, under section 9 of S. 3411, if we incorporate it as title VII of this pending housing bill, then we would have the scrutiny by the Committee on Armed Services and by the Committee on Appropriations, because it would go through the regular route of authorization and appropriation on an annual basis. This would give us a chance to look at it, to accept it or reject it, as we see necessary, annually.

Mr. SALTONSTALL. Madam President, will the Senator yield?

Mr. STENNIS. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I say to the Senator from Texas that I believe that this bill is a big improvement over what is suggested in section 507.

This bill, as I see it, gives the Secretary of Defense authorization to acquire title; but in doing so, the funds have to be appropriated on an annual basis. This bill sets up a capital fund for this specific purpose, and that, of course, would last for only 1 year, the houses bought that year.

I call attention to section 5 of S. 3411, which creates a problem of taxation for the State or a political subdivision. As the Senator from Texas well knows, if the property is outside the Federal reservation, it is subject to taxes. So if S. 3411 should become law, we would be creating another instance in which a State or a locality must work out what would be a proper sum for the Secretary of Defense, and all that goes with it.

It is not a simple problem, and I hope that it will be worked out very carefully. Certainly, this is a big improvement over what was going to be done.

Mr. TOWER. I thank the distinguished Senator from Massachusetts for his comment.

I should like to observe that if we carry through with this legislation, it would carry out a principle that we have recognized in other cases—that sometimes the Federal Government, by its actions, inflicts hardship on communities or individuals in situations over which the communities or the individuals have no control.

For example, impacted area aid is a well-established principle where a Federal installation has moved in and overburdened the school system of a local community.

We provide them with direct aid, no strings attached, because of the additional burden that is placed on the community by the presence of a Federal establishment.

I respect the view of the Senator from Mississippi [Mr. STENNIS] and I hope that my distinguished friend from Mississippi would allow me to amend his amendment to include as title VII the text of S. 3411.

Mr. ALLOTT. Madam President, will the Senator yield?

Mr. STENNIS. I yield to the Senator from Colorado.

Mr. ALLOTT. I would be happy to have the Senator from Texas [Mr. TOWER] comment on this. I understand the bill that he has in his hand is S. 3411.

Mr. TOWER. The Senator is correct.

Mr. ALLOTT. Which has not had a hearing.

Mr. TOWER. But it is the result of a study by the Department of Defense.

Mr. ALLOTT. This is another example of what the distinguished Senator from Washington [Mr. MAGNUSON] was talking about a few moments ago, because this afternoon at a markup in the Defense Appropriations Subcommittee we discussed this item in some detail.

I would like to inquire if it would not be better—and I can see many loopholes in section 507, as now written—to defer this matter rather than put the language of S. 3411, in the bill.

Would it not be better to defer this matter until it can be reported by the appropriate committee and hearings held on this specific item?

I am loath to vote for it. I am sympathetic to the problem. Everyone has the problem in his State to a greater or lesser extent. Would it not be better to pass this subject by and let the committee come up with a bill after hearings?

I am loath to vote for it. I would not say that I would not vote, but I am loath to do so, without having a hearing.

I am aware of the Department of Defense. The more I see of them the more I am inclined to look at what they do with a critical eye and scrutinize carefully what they do.

For that reason I would like to see this taken out of the bill for the time being, have the committee proceed on the other bill, and have hearings.

Mr. TOWER. I would be remiss in my responsibility to the committee if I did not try to secure action on this item. The committee felt strongly about this.

It is the product of a number of cases of hardship of people who have this problem who communicated with us. There were no formal hearings. The hardships speak so strongly, by virtue of complaints and cries for help that we have gotten from individuals and people who tried to dispose of their houses, that we felt compelled to act. I would be remiss in my responsibility if I did not press for action.

Mr. SALTONSTALL. Madam President, will the Senator yield?

Mr. STENNIS. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I wish to call to the attention of the Senator from Colorado [Mr. ALLOTT] that it is my understanding that the House has not passed any bill and this bill will go to the House; so on the record we make this afternoon the House could give this matter, under the amendment suggested by the Senator from Texas [Mr. TOWER], a hearing and an opportunity to work out proper language. It is not only a question of going to committee. The House will consider the entire subject.

Mr. TOWER. The Senator is correct.

Mr. STENNIS. My information is that the House has written a bill and they have a provision similar to section 507 that I propose to strike from this bill. Is that correct? They have not passed the bill?

Mr. MUSKIE. I understand the House committee reported a bill.

Mr. TOWER. But it has not been passed.

Mr. STENNIS. But it has a provision similar to the one we proposed to take out.

In response to the Senator from Colorado [Mr. ALLOTT] this is my best judgment. We have not had before our committee the bill that the Senator from Texas [Mr. TOWER] is proposing, but it was brought to me earlier in the year and our valued clerk on the committee went over it with a great deal of scrutiny. I am not enthusiastic about the program, although I recognize that something in a modest way should be done. We wrote a proviso that would have to be in it, in our view, or otherwise we would oppose it. The version of the bill that the Senator from Texas [Mr. TOWER] offered has that proviso in it.

The Department of Defense made a considerable study. They went into the matter last year. We reviewed it in the Appropriations Committee. They went back and they made a study again. They drafted this bill and they appeared and testified on it. I have in my hand a long letter from Mr. Vance, which is addressed to the Speaker of the House. This is a copy of his letter that sets out the plan.

To that extent, it is fairly firm, and in my opinion it is generally about as good a program as we can get along this line.

Mr. TOWER. Madam President, will the Senator yield?

Mr. STENNIS. I believe the Senator from Colorado [Mr. ALLOTT] had something further to add.

Mr. ALLOTT. The assurance and judgment of the Senator is always good in these matters. With the assurance of the Senator, I withdraw my reservation.

Mr. STENNIS. I underscore an added safeguard; that any money spent under it will have to be specifically authorized by the Armed Services Committee and especially appropriated by the Appropriations Committee.

Madam President, I will suspend until we have order.

The PRESIDING OFFICER. The Senate will be in order.

Mr. SALTONSTALL. Madam President, will the Senator from Mississippi yield?

Mr. STENNIS. I shall yield, but first I wish to make one further point.

With those safeguards, I think it is about as sound a bill as we can get, but

we are going to have a problem perhaps when it comes back from the conference. We will be here with the same argument and insistence so far as anything that may come back akin to section 507. Will the Senator from Texas support us on that?

Mr. TOWER. I will insist with all of the vigor and power of persuasion that I have in the conference that the Senate version be accepted verbatim. I will inform the gentlemen from the House that subsection 507 as presently written is not acceptable to the Armed Services Committee of this body and perhaps is not acceptable to the Armed Services Committee of the other body.

Mr. STENNIS. Yes.

Mr. TOWER. Therefore, I can assure the Senator from Mississippi that I will, for my part—and I am certain that the distinguished Senator from Maine [Mrs. SMITH] will also because we have discussed this matter—insist on retaining the Senate version.

Mr. SALTONSTALL. Madam President, will the Senator yield?

Mr. TOWER. Madam President, I wish to make one additional point for the benefit of the Senator from Colorado [Mr. ALLOTT]. Actually, nothing can be done in the way of expenditure until the Committee on Armed Services holds hearings and authorizes an expenditure.

Mr. SALTONSTALL. Madam President, will the Senator from Mississippi yield?

Mr. STENNIS. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I am glad to have that assurance from the Senator from Texas, because when he puts his skill and intellect into the problem, I am confident it will come out right.

Mr. TOWER. The Senator from Massachusetts is very kind.

Mr. SALTONSTALL. I wish to read a paragraph from page 24 of the report of the committee on the Housing and Urban Development Act of 1966. The paragraph disturbed me, and I feel confident that it disturbed other Senators as well:

> In order to be assured that the DOD will not delay further in acquiring properties in appropriate cases, the committee has included in section 507 an amendment to section 108(a) which will change the provision "authorizing" the DOD to acquire title to a requirement that the DOD "shall, upon application and in accordance with the provisions of this section" acquire such title.

That statement goes very far.

Mr. TOWER. Madam President, will the Senator from Mississippi yield?

Mr. STENNIS. I yield.

Mr. TOWER. Yes; it does go far. I concede that it does. We are backing down now from that adamant position and accepting one of authorization, so that not one dime will be authorized until the Committee on Armed Services has acted to authorize an expenditure. The Committee on Armed Services can hold hearings, and the Committee on Appropriations can hold hearings.

The act could never become effective if the Committee on Armed Services and the Committee on Appropriations did not choose to implement it. Therefore, I believe the bill is perfectly safe. I am hopeful that this proposal will mitigate any opposition to this provision.

Mr. STENNIS. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Mississippi will state it.

Mr. STENNIS. To clarify the parliamentary situation, would it not be possible, if the amendment offered by the Senator from Mississippi to strike out section 507 should prevail, for the Senator from Texas to offer his amendment to the Senate bill, title X, or whatever it is? Certainly it will not have any opposition from the Senator from Mississippi. I shall vote for it under the circumstances.

Mr. TOWER. Madam President, with that assurance, I shall support the amendment of the Senator from Mississippi and then offer as a separate amendment the language of S. 3411.

Mr. STENNIS. Madam President, under those circumstances, I present my amendment without asking for a rollcall.

May we vote by division? I wish to be certain that we get the sentiment of the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Mississippi. A division has been requested.

On a division, the amendment was agreed to.

Mr. TOWER. Madam President, I move to amend the bill by adding title VII with the language contained in S. 3411 and ask unanimous consent that if the measure is adopted, the Secretary of the Senate be given permission to make the necessary technical corrections in the sections and the headings.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read the amendment, as follows:

TITLE VII

That, notwithstanding any other provision of law, the Secretary of Defense is authorized to acquire title to, hold, manage and dispose of, or, in lieu thereof, to reimburse for certain losses upon private sale of, or foreclosure against, any property improved with a one- or two-family dwelling, which is situated at or near a military base or installation which the Department of Defense has, subsequent to November 1, 1964, ordered to be closed in whole or in part, if he determines—

(a) that the owner of such property is, or has been, a Federal employee employed at or in connection with such base or installation (other than a temporary employee serving under a time limitation) or a serviceman assigned thereto; and

(b) that the closing of such base or installation, in whole or in part, has required or will require the termination of such owner's employment or service at or in connection with such base or installation; and

(c) that as the result of the actual or pending closing of such base or installation, in whole or in part, there is no present market for the sale of such property upon reasonable terms and conditions.

SEC. 2. In order to be eligible for the benefits of this Act such employees or military personnel must be or have been—

(a) Assigned to or employed at or in connection with the installation or activity at the time of public announcement of the closure action, or

(b) Transferred from such installation or activity, or terminated as employees as a result of reduction-in-force within six months prior to public announcement of the closure action, or

(c) Transferred from the installation or activity on an overseas tour unaccompanied by dependents within fifteen months prior to public announcement of the closure action: *Provided*, That, at the time of public announcement of the closure action, or at the time of transfer or termination as set forth above, such personnel or employees must have:

(i) Been the owner-occupant of the dwelling, or

(ii) Have vacated the owned dwelling as a result of being ordered into on-post housing during a six-month period prior to the closure announcement:

Provided further, That as a consequence of such closure such employees or personnel must be:

(i) Required to relocate because of military transfer or acceptance of employment beyond a normal commuting distance from the dwelling for which compensation is sought, or

(ii) Not unemployed as a matter of personal choice, and able to demonstrate such financial hardship that they are unable to meet their mortgage payments and related expenses.

SEC. 3. Such persons as the Secretary of Defense may determine to be eligible under the criteria set forth above shall elect to receive either a cash payment as partial compensation for losses which may be sustained in a private sale, not to exceed 5 per centum of the fair market value of their property prior to public announcement of intention to close all or part of the military base or installation, or to receive, as purchase price for their property, an amount not to exceed 90 per centum of prior fair market value as such value is determined by the Secretary of Defense, or the amount of the outstanding mortgages, or such lesser amount as the Secretary of Defense determines prior to that election to be reasonable. In the event of foreclosure by mortgagees commenced prior to the one hundred and twentieth day after enactment hereof, the Secretary may pay or reimburse for direct costs of foreclosure, including deficiency judgments, if any, as may be adjudged by a court of competent jurisdiction.

SEC. 4. There shall be in the Treasury a fund which shall be available to the Secretary of Defense for the purpose of extending the financial assistance provided above. The capital of such fund shall consist of such sums as may, from time to time, be appropriated thereto, and shall consist also of receipts from the management, rental, or sale of properties acquired under this Act, which receipt shall be credited to the fund and shall be available, together with funds appropriated therefor, for purchase or reimbursement purposes as provided above, as well as to defray expenses arising in connection with the acquisition, management, and disposal of such properties, including payment of principal, interest, and expenses of mortgages or other indebtedness thereon, and including the cost of staff services and contract services, costs of insurance and other indemnity. Any part of such receipts not required for such expenses shall be covered into the Treasury as miscellaneous receipts. Properties acquired under this Act shall be conveyed to, and acquired in the name of, the United States. The Secretary of Defense shall have the power to deal with, rent, renovate, and dispose of, whether by sales for cash or credit or otherwise, any properties so acquired: *Provided, however*, That no contact for acquisition, or acquisition, shall be deemed to constitute a contract for or acquisition of family housing units in support of military installations or activities within the meaning of section 1594i of title 42, United States Code, nor shall

it be deemed a transaction within the contemplation of section 2662 of title 10, United States Code.

SEC. 5. Payments from the fund created by this Act may be made in lieu of taxes to any State and/or political subdivision thereof, with respect to real property, including improvements thereon, acquired and held under this Act. The amount so paid for any year upon such property shall not exceed the taxes which would be paid to the State and/or subdivision, as the case may be, upon such property if it were not exempt from taxation, and shall reflect such allowance as may be considered appropriate for expenditures, if any, by the Government for streets, utilities, or other public services to serve such property.

SEC. 6. The title to any property acquired under this Act, the eligibility for, and the amounts of, cash payable, and the administration of sections 1 to 5 of this Act shall conform to such requirements, and shall be administered under such conditions and regulations, as the Secretary of Defense may prescribe. Such regulations shall also prescribe the terms and conditions under which payments may be made and instruments accepted under this Act, and all the determinations and decisions made pursuant to such regulations by the Secretary of Defense regarding such payments and conveyances and the terms and conditions under which the same are approved or disapproved, shall be final and conclusive and shall not be subject to judicial review.

SEC. 7. The Secretary of Defense is authorized to enter into such agreement with the Secretary of Housing and Urban Development as may be appropriate for the purposes of economy and efficiency of administration of this Act. Such agreement may provide authority to the Secretary, Housing and Urban Development, and his designee, to make any or all of the determinations and take any or all of the actions which the Secretary of Defense is authorized to undertake pursuant to sections 1–6 of the Act. Any such determinations shall be entitled to finality to the same extent as if made by the Secretary of Defense, and, in event the Secretaries of Defense and Housing and Urban Development so elect, the fund established pursuant to section 4 of this Act shall be available to the Secretary of Housing and Urban Development to carry out the purposes thereof.

SEC. 8. Section 223(a) of the National Housing Act, as amended, is amended by inserting in lieu of paragraph (8) thereof, a new paragraph as follows:

"(8) executed in connection with the sale by the Government of any housing acquired pursuant to Public Law —, Eighty-ninth Congress."

SEC. 9. No funds may be appropriated for the acquisition of any property under authority of this Act unless such funds have been specifically authorized for such purpose in an annual military construction authorization Act, and no moneys in the fund created pursuant to section 4 of this Act may be expended for any such purpose unless specifically authorized in an annual military construction authorization Act.

SEC. 10. Section 108 of the "Housing and Urban Development Act of 1965" (79 Stat. 460) is hereby repealed.

The PRESIDING OFFICER. Without objection, the Secretary will be given the authority to make the necessary technical corrections, as requested by the Senator from Texas.

The question is on agreeing to the amendment of the Senator from Texas.

The amendment was agreed to.

Mr. TOWER. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ALLOTT. Madam President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

Mr. ALLOTT. Madam President, I see the Senator in charge of the bill, the Senator from Maine [Mr. MUSKIE], is now in the Chamber, as well as the Senator from Texas [Mr. TOWER], and if they will permit me, I should like to ask them a question or two about one section of the bill; namely, section 502.

According to page 38 of the report, section 502 would amend certain sections to clarify use of the public housing flexible formula for the leasing of housing to be constructed, as well as for the leasing or acquisition of existing housing.

Dr. Weaver appeared before the Independent Offices Subcommittee this year, justifying the expenditure of money under the present provision of the law which it is sought now to expand.

Among other things, total expenditures for this year came to $1,700,000 and some odd, and averaged $754 per unit per year in fiscal year 1966.

What concerns me about this situation is the item on housing to be constructed. Dr. Weaver testified before our committee that this was used because in the case of large families where they had to have three, four, five, or even more bedrooms, they could not afford to construct housing for such large families. Therefore, under this section, they went in and leased these old houses, refurbished them, and then sublet them; and, of course, they pay a subsidy in the rent differential. Of course, I do not have to explain that situation here, but why, may I ask, do we consider putting construction in this bill when the testimony of the Secretary has been that the program is applicable only to a leasing program, and that they cannot afford to construct housing for families needing such a large number of bedrooms?

Mr. MUSKIE. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ALLOTT. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLOTT. Madam President, I have been discussing this matter with the distinguished Senator from Maine. I understand there is some question in his mind with respect to the answers to the questions I have raised. The answers are not readily available. He will try to get the answers overnight, and I will yield the floor.

Mr. MUSKIE. Madam President, I think that is an excellent procedure to follow.

As far as the committee is concerned, it is the committee's impression from the testimony by Dr. Weaver that houses built by private builders and then sold to the Federal Housing Authority could be built more cheaply. Thus, the agency sought to get the authority which is in the bill in the section to which the Senator has referred.

I think it would be well to refer the Senator to page 41 of the hearings of the subcommittee of the Committee on Banking and Currency, so the Senator may examine Dr. Weaver's testimony before our committee. That reference may be helpful to him.

Mr. ALLOTT. I shall be glad to do so, and also examine the testimony before the other committee.

Mr. MONDALE. Madam President, will the Senator yield?

Mr. MUSKIE. I yield to the Senator from Minnesota.

Mr. MONDALE. Madam President, I had intended to submit four amendments to S. 3711, the proposed housing and urban development amendments, to improve housing programs in rural areas.

Although two-thirds of Americans now live in cities or suburbs, we cannot turn our backs on those who choose to live in rural America. Yet statistics paint an unfortunate picture of inadequate efforts on our part. Rural areas may have just 30 percent of the people, but nearly half the Nation's substandard housing is in our small towns, villages, and farms. Forty-seven percent of our poverty is among those in communities of less than 2,500 people. And most of our rural communities lack the basic public and social services available to the average urban resident.

To provide these services is a matter of basic justice. But it is also a matter of our own best interests. Our national welfare demands that rural areas be able to attract and hold people. For every day our newspapers tell us of the problems of crowded cities, filled increasingly with rural migrants who are unprepared for urban life, and which the cities are equally unready to absorb. And hard experience tells us that when a man moves from an impoverished rural area, he is all too likely to settle in an urban slum.

So it is in everyone's interest to bring new vitality to rural America. The Senate has already passed the Community Development District Act, which will provide a comprehensive basis for rural development planning. And we have long had a rural housing program, carried out by the Farmers Home Administration.

According to the 1960 housing figures, more than half the rural families with incomes under $3,000 were living in dilapidated housing. But despite this clear concentration of housing need, in the past 30 years about 12 million homes in urban areas have been constructed with FHA or VA financing, while only about 300,000 farm homes have been built with Federal assistance, a ratio of 5 farm homes for every 200 city homes.

This is not so much due to discrimination against the farmer, but as Mr. Edwin Christianson, the fine president of the Minnesota Farmers Union, pointed out, to the difficulty of finding a credit or assistance program which will fit the situation farmers face. Farmers have low and fluctuating incomes, making it extremely difficult for them to make monthly payments on a regular basis

on home loans. They are, in almost every case, already burdened with sizable debt loads, and are understandably reluctant to take on additional mortgages and obligations. In fact, they customarily borrow and incur debt loads to meet current operating expenses. So I think it is particularly necessary and important that we remove arbitrary limitations on the availability and suitability of these housing programs to the needs of farmers and rural residents.

Certainly the most important thing we can do for rural residents is to provide strong commodity programs to bring the farmer a decent income. On this depends the hope of all rural residents. But it is also vital to build on this fundamental economic base by providing parity of treatment in housing programs, as in all areas of American life.

The amendments will do just that. They are amendments which have been accepted by the House Banking and Currency Committee, and I believe constitute a modest but very important step toward improving these programs.

The first amendment will permit the purchase of newly constructed homes, which have never previously been occupied. Present law provides that title V farm housing loans are available only to finance the purchase of previously occupied dwellings and farm service buildings. But this restriction is an impediment toward carrying out a decent rural housing program, since many families are more interested in buying new buildings more suitable to their needs. This change would also encourage homebuilders to build a number of new dwellings at more or less the same time, rather than being limited to building one at a time in widely scattered areas and times.

The second amendment permits the Secretary of Agriculture to accept a comaker in the case of any applicant for a rural housing loan under title V who is deficient in repayment ability. The present law permits comakers only in the case of loans made to the elderly farmer. This additional authority is needed because it will improve the flexibility of the program. Many young farmers and young rural people do not have what is considered to be adequate repayment ability, but their parents or other relatives may, and there is no need to limit the ability of young people to get adequate housing. It is most important for us to retain young people who are interested in farming on the farm, and this will be most helpful in doing so. It will not impair or jeopardize the security of the loan, since the comaker will be ultimately responsible for repayment.

The third amendment will increase the maximum amount of a loan, grant, or combination of the two for repairs and improvements to farm dwellings when necessary to make them safe or sanitary. It will increase the present $1,000 limitation to $1,500. This is necessary because building costs have gone up since 1962, when the $1,000 limitation was put into the law. In addition, this will bring the limit up to the level authorized for rehibilitation grants for urban housing under section 106 of the Housing Act of 1965.

The fourth amendment permits loans to be made to private nonprofit corporations and consumer cooperatives to provide rental housing for low-income rural residents under 62 years of age. The present law is limited to rental housing only for elderly persons. But, as the House committee points out, there are many persons under 62 in rural America with low incomes whose housing needs can best be met by economic reconstructed rental housing operating on a nonprofit basis. Some are young families who are trying to become established and have not reached the level of maximum earning. Others have passed their earning peak but are not 62 years of age. And there are in addition others who may for one reason or another have a personal preference for rental housing.

I ask unanimous consent to have printed in the RECORD a list of the amendments.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Amendments intended to be proposed by Mr. MONDALE to S. 3711:

Add new title VII, Rural Housing Amendments:

SEC. 701. Amend Section 501(a) of the Housing Act of 1949 by striking out "previously occupied" wherever it appears.

SEC. 702. Amend Section 502(a) of the Housing Act of 1949 by striking out "In cases of applicants who are elderly persons, the" and inserting in lieu thereof "The".

SEC. 703. Amend Section 504 of the Housing Act of 1949 by striking out "$1,000 and inserting in lieu thereof "$1,500".

SEC. 704. Amend Section 515(a) of the Housing Act of 1949 by inserting after "income" the following language: "or other persons and families of low income".

Amend Section 515(d)(1) of the Housing Act of 1949 by striking out "elderly persons or elderly families" and inserting in lieu thereof "occupants eligible under this section;"

Mr. MONDALE. Madam President, in light of the fact that the distinguished chairman of the committee is necessarily absent at this time, we have determined to take this matter to conference without including it in the Senate version. I hope the Senate conferees will concur in the House version, because I believe these provisions are all needed and are important as tools to try to meet the serious problem of inadequate housing in rural America.

Mr. MUSKIE. Madam President, I have studied these amendments. I think they have considerable merit. I have not had an opportunity to discuss them with the chairman of the committee, the Senator from Alabama [Mr. SPARKMAN], who is unavoidably absent this afternoon. For that reason, and because the amendments are in the House version of the bill, I accept the procedure suggested by the Senator from Minnesota, and I think he will get sympathetic consideration by the conferees.

Mr. MONDALE. I thank the Senator.

Mr. KENNEDY of Massachusetts. Madam President, will the Senator yield?

Mr. MUSKIE. I yield to the Senator from Massachusetts.

Mr. KENNEDY of Massachusetts. Some time earlier today I had a dialog with the Senator from Alabama with respect to the special situations, involving local grant-in-aid credits for urban renewal projects which have been included in the House bill, but not in the Senate bill. I referred to the wisdom of considering an expansion to the district rule presently in effect of one-quarter of a mile. I refer specifically to section 112(a)(3) and the following specific language:

> The aggregate expenditures made by any such institution or hospital (directly or through a private redevelopment corporation or municipal or other public corporation) for the acquisition within, adjacent to, or in the immediate vicinity of the project area, of land, buildings, and structures to be redeveloped or rehabilitated by such institution for educational uses or by such hosiptal for hospital uses in accordance with the urban renewal plan (or with a development plan proposed by such institution, hospital, or corporation, found acceptable by the Administrator after considering the standards specified in section 110(b),

Under the administrative ruling, "adjacent to" is considered to be one-quarter of a mile.

Mr. MUSKIE. Yes.

Mr. KENNEDY of Massachusetts. I would like to refer to the particular situation in Cambridge, where MIT and Cambridge urban renewal are working closely together. As I demonstrate on this map before me, the urban renewal project lies adjacent to MIT, and under the administrative interpretation, improvements by MIT within one-quarter of a mile of the urban renewal project will be covered.

I call attention to the fact that there are other improvements as well which are needed in the area, which is an area which certainly needs improvement, and which in many instances is one of blight, which will not be covered, singly and arbitrarily because the improvement is more than 440 yards from the renewal project.

The thrust of the legislation I am interested in would permit administrative rulings of eligibility to cover improvements beyond the one-quarter of a mile, up to 1 mile in this particular instance.

I understand, after talking with counsel, that this amendment would open up very broad-range questions; that there would be other universities, such as in Chicago and in Pennsylvania, which would be involved and that such a new rule might go too far. However, I understand there was special legislation which permitted the University of Pennsylvania last year to extend the area up to a mile.

In any event, it would seem to me much more sensible for the administration to look not just at distance, but also as to whether or not the improvements outside the eligible area relate to the improvements within the eligible area, such that they would logically be encompassed by the intent of section 112, then such improvements should be eligible.

I hope the distinguished chairman will recognize this problem and its application to many urban areas in the country. I hope this matter may be considered sympathetically by the Senate conferees in conference when it considers the special bill which is in the House version which deals with the Cambridge project.

I raise this point, because it is important, and I wanted it to be fully recognized before the conference.

Mr. MUSKIE. I thank the Senator from Massachusetts for bringing this problem to my attention.

Examination of the plan which he has spread on the desk indicates the basis for the Senator's concern, and I think suggests the merit of his position.

As the Senator has said, what is involved here is an administration regulation. The state of the law is such that I think the administrator of the law could very well encompass projects of this kind.

Mr. KENNEDY of Massachusetts. It is my understanding that in order to have a clear definition, the administrator has ruled that one-quarter of a mile is the limit. I understand it is difficult to change the rule, and the administrator, in situations of this kind, says, "This has been approved by Congress."

I have been seeking to establish from members of the committee the legislative intent behind section 112 in order to demonstrate that Congress did not intend that eligible improvements be limited merely to 440 yards from renewal projects.

Mr. MUSKIE. It seems to me that consideration could be given by the administrator as to whether or not these improvements within the eligible area are related to the improvements immediately outside the eligible area, and if the relationship could be established that would not do violence to a broader consideration of the law, that could be considered.

Mr. TOWER. Madam President, I should like to suggest to the distinguished manager of the bill that the Senator from New York [Mr. JAVITS] has a very significant and important amendment, one that is worthy of consideration. I should like to suggest to the manager of the bill that the Senator from New York be recognized to offer his amendment, and that it be made the pending business, so that it would give time to ponder the amendment which he is about to offer.

Mr. MUSKIE. I fully concur.

Mr. JAVITS. Madam President, I call up my amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. JAVITS. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with, that the amendment be printed, and that I be permitted to make at this time a brief explanation of its provisions.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment of Mr. JAVITS is as follows:

AMENDMENT NO. 741

On page 36, line 14, after "508," insert "(a)".

On page 36, after line 16, insert the following:

"(b) Section 401(d) if such Act is amended by inserting '(1)' after '(d)', and by adding at the end thereof a new paragraph as follows:

"'(2) In addition to the total authorization provided by paragraph (1), the Secretary may issue and have outstanding at any one time water or other obligations for purchase by the Secretary of the Treasury in an amount not to exceed $300,000,000, which amount shall be increased by $300,000,000 on July 1 in each of the years 1967 and 1968: *Provided*, That such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury which shall be equal to the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Secretary and adjusted to the nearest one-eighth of 1 per centum: *Provided further*, That funds obtained as a result of Treasury borrowing authorized by the paragraph shall be loaned to educational institutions only at a rate of interest which is equal to one-quarter of 1 per centum per annum added to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury or provided in the preceding proviso.'"

Mr. JAVITS. Madam President, this amendment proposes to make available $300 million in lending authority for so-called college housing loans, but upon terms different from those now contained in the law, to wit, standard terms rather than the guaranteed 3 percent interest which is now provided—standard terms being one-quarter of 1 percent added to the going rate, the classic Treasury definition of what is their average for all their outstanding indebtedness and the going rate for money.

Madam President, I offer this amendment because, due to applications by colleges in my State—and I know that this is true of colleges all across the Nation—we find that HUD's ability to make loans, is completely frustrated notwithstanding the terrible crisis in higher education, to deal with college housing has run out.

I have a letter from the Department of Housing and Urban Development which gives these facts; and I can say, Madam President, that they are most alarming.

The pertinent paragraphs of the letter are as follows:

Requests for college housing loans far exceed available funds. This fund shortage became serious in fiscal year 1965 when $192 million in applications could not be funded. The first 7 months of the current year produced an additional $568 million in new applications.

Faced with applications totaling $760 million—against a budget level of $300 million—and the prospect that this amount would increase to more than $1,100 million by June 30, 1966, the receipt of applications was suspended effective January 31, 1966. At the same time, measures were announced to provide for equitable distribution of available funds while retaining the viability of most projects. These measures provided for a maximum loan of $4 million per campus per year, of which not more than $500,000 could be for service facilities under the sublimitation of the act.

The program level for college housing loans can meet only part of even the most urgent demand. The college housing program levels, of course, are established in the light of the total budgetary situation, requiring difficult decisions with respect to the allocation of the Nation's resources in these troubled times. In these circumstances, the budget for fiscal year 1967 provides $300 million in support of the college housing program. Since the need for college housing continues to peak, however, the funds available will support a progressively smaller percentage of the need for such housing.

Madam President, the reason why this is a budget item is that there is an arbitrary rate of interest, to wit 3 percent, and that requires some expenditure on the part of the Government. Therefore, I have provided in my amendment that an additional $300 million per year be made available, provided that it is at a going rate rather than the 3-percent rate. The going rate will be considerably higher.

Madam President, I have no guarantee and the manager of the bill would have no guarantee as to whether such funds could actually be used by many colleges. But at least we would be making available an opportunity to those colleges to use them, though at a higher rate of interest, if the amendment is adopted in this form in conference.

But what is much more important to me, Madam President, is that I think many Senators are being oppressed by this situation in the same way that I am, in that we are very anxious to encourage higher education, and there is a built-in limitation as to what can be accomplished in that regard in terms of college housing, with a tremendously unsatisfied demand and a very legitimate demand.

The matter first came to my attention in connection with an application of D'Youville College, at Buffalo, N.Y., which was seeking funds for construction of a residence hall in an enormous community project. They could not even get their application on file, let alone get any serious consideration of it, because of the moratorium on applications due to lack of available funds.

Madam President, this problem is a very big and very real one, and is aggravated by the fact that there is now no money whatever for 1966, because they have completely loaned out the available funds; and though they were included in the bill for participation sales, the President has not yet given them any authority to make any sales, and though they have $200 million in a revolving fund, from refunds from loans they have made, that is tied up by the Budget Bureau and not allocated, or perhaps allocated to something else.

What I have in mind, therefore, Madam President, is at least to seize the conferees of the problem, which is a very serious and real problem, not only for my State but for many other States, in the hope that, without a budgetary im-

pact—that is why I made the provision that the 3-percent guarantee not apply—they might be able to find some way of giving some element of relief. That is the reason that I developed the amendment this way, and the basis upon which I am proposing it is not with any thought that it would necessarily have to go this way, but with the thought that at least the conference would be seized of a situation which represents a very, very serious problem to an element of the country we are trying to encourage and help, to wit, the higher educational institutions of the country.

Mr. PROXMIRE. Madam President, will the Senator yield for a point of information?

Mr. JAVITS. I yield.

Mr. PROXMIRE. As I understand it, the Senator is suggesting that we add $300 million for 3 years to the $300 million per year for 2 years now provided?

Mr. JAVITS. No, it is 2 years now because the Participation Sales Act skipped 1966 and made it 1967 and 1968.

Mr. PROXMIRE. The Senator from New York is correct.

Mr. JAVITS. I am making it for 1966, 1967, and 1968, but at standard terms rather than special terms.

Mr. PROXMIRE. Roughly, it would be 4½ percent?

Mr. JAVITS. That is correct. But it is still better than many of these State dormitory authorities, which are charging as high as 6 percent because of the tightness of money.

Again I say, as the Senator knows, we are all in the same problem, people like myself; we are preoccupied with dozens of things, and hence we have got to expect that all we can accomplish with an amendment like this is at least to seize the conferees of the problem. I am sure they are just as interested in solving it as I am.

Mr. PROXMIRE. I think it is an excellent idea, but I should like to know, how would the Senator suggest that we discriminate with the 3-percent money that is available now, and then the 4.5-percent money that is to be made available?

Mr. JAVITS. The 3-percent money has run out. It is a question of choice by the individual university. The money has run out. In other words, what they will do is to grant all the applications they can on a reasonable ground rule—perhaps time of filing, or perhaps whether the money will be acceptable at a higher interest rate, or whether a particular institution can afford to pay a higher interest rate.

Mr. PROXMIRE. The Senator suggests a first come, first served basis?

Mr. JAVITS. I do not see how we can help it. The money has run out. Because we are incapable of finding a way out of this kind of a dilemma, shall we hold up these educational institutions for years? I think that is the question we face.

Mr. PROXMIRE. This is a major amendment the Senator suggests.

Mr. JAVITS. Oh, yes.

Mr. PROXMIRE. I think it is desirable that we discuss it at length later.

Mr. JAVITS. I thank the Senator.

Mr. MUSKIE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. Moss in the chair). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT TO 11 A.M.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the previous order with respect to convening at 12 o'clock noon tomorrow be rescinded, and that when the Senate completes its business today, it adjourn until 11 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION TOMORROW

Mr. MUSKIE. Mr. President, I ask unanimous consent that all committees be permitted to meet tomorrow until the hour of 12 o'clock noon.

Mr. JAVITS. Mr. President, reserving the right to object, that presents something of a problem to me, because I am a member of the Committee on Labor and Public Welfare, which is marking up a very important bill, and it is my amendment that is pending.

I do not want to stand in the way of progress. If the Senator will assure me that I will be protected until 12 o'clock by allowing some other amendment or action to intervene, I will be perfectly happy.

Mr. MUSKIE. That will be satisfactory.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. MUSKIE. Mr. President, if there is no further business to come before the Senate, I move, pursuant to the previous order, that the Senate adjourn until 11 a.m. tomorrow.

The motion was agreed to; and (at 5 o'clock and 52 minutes p.m.) the Senate adjourned until tomorrow, Friday, August 12, 1966, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate August 11, 1966:

CALIFORNIA DEBRIS COMMISSION

Col. Crawford Young, Corps of Engineers, to be a member of the California Debris Commission, under the provisions of section 1 of the act of Congress approved 1 March 1893 (27 Stat. 507) (33 U.S.C. 661), vice Col. Robert E. Mathe, Corps of Engineers, reassigned.

Lt. Col. Frank C. Boerger, Corps of Engineers, to be a member of the California Debris Commission, under the provisions of section 1 of the act of Congress approved 1 March 1893 (27 Stat. 507) (33 U.S.C. 661), vice Col. Robert E. Mathe, Corps of Engineers, reassigned.

CONFIRMATION

Executive nomination confirmed by the Senate August 11, 1966:

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Paul A. Miller, of West Virginia, to be an Assistant Secretary of Health, Education, and Welfare.

HOUSE OF REPRESENTATIVES

THURSDAY, AUGUST 11, 1966

The House met at 12 o'clock noon.

Rabbi Randall M. Falk, the Temple, Nashville, Tenn., offered the following prayer:

It hath been told thee, O man, what is good, and what the Lord doth require of thee: Only to do justly, and to love mercy, and to walk humbly with thy God.—Micah 6: 8.

In a world of crisis and confusion, draw us ever closer unto Thee, eternal and ever-living God, that we may heed the challenge of Thy prophet, serving as coworkers in the building of Thy kingdom on earth.

Make us sensitive to the needs of all Thy children who yearn for insight into life's holy purpose, in an ordered universe founded on the moral law which undergirds our aspirations for freedom and for peace.

Bless the President and the elected representatives of this great Nation; sustain the leaders of all the peoples of the world, with integrity for their appointed tasks, with courage to pursue righteousness, and with the vision of a more hopeful universe which has embraced the power of Thy creative energy for the enoblement of man and of mankind. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Geisler, one of his secretaries, who also informed the House that on August 8, 1966, the President approved and signed a bill of the House of the following title:

H.R. 12031. An act to authorize the appointment of Col. William W. Watkin, Jr., professor of the U.S. Military Academy, in the grade of lieutenant colonel, Regular Army, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced